SECOND AMENDMENT TO
PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS
(San Diego Square)

THIS SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Second Amendment") is dated as of the 24th day of April, 2013, by and between San Diego Kind Corporation, a California nonprofit public benefit corporation ("Seller") and Housing Development Partners of San Diego, a California nonprofit public benefit corporation ("Buyer").

RECITALS

A. Seller and Buyer entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions (San Diego Square), dated September 21, 2011 ("Original Agreement"), which was amended by that certain Amendment to Purchase and Sale Agreement and Joint Escrow Instructions, dated as of September 26, 2012, ("First Amendment"). The Original Agreement as amended by the First Amendment shall be referred to herein as the "Agreement."

B. The Seller and Buyer desire to amend the Agreement as provided herein. In the event of any conflict between the Agreement and this Second Amendment, the terms of this Second Amendment shall control.

NOW, THEREFORE, in furtherance of the recitals stated above, the mutual covenants set forth below, the Seller and Buyer hereby amend the Agreement pursuant to Section 17.1 of the Agreement, and agree, promise and declare as follows:

1. First Amendment, Section 1(c). Buyer and Seller hereby agree that Section 1(c) of the First Amendment is hereby amended and restated in its entirety to provide as follows:

Termination of Agreement. If (i) City Approval of the Assignment; (ii) City Council or City Mayor, whichever is legally required, approval of the Ground Lease Amendment (as defined below) and (iii) City Council or City Mayor, whichever is legally required, approval of the CRF Sublease are not achieved on or before May 30, 2013, the Agreement may be terminated by Buyer as provided in Section 5.6 of the Agreement or by Seller upon written notice to Buyer and, in such event, the provisions of Section 5.6 of the Agreement shall apply as if the Buyer gave such notice of termination. It is expressly understood by and between the parties that Seller views the May 30, 2013 as a key milestone and that if the approvals outlined herein are not obtained by that date as set forth herein, it is Seller's clear and present intent to terminate the agreement.

2. Agreement, Section 4.2. The last sentence of Section 4.2 of the Agreement is hereby deleted and the following is substituted in its place:

In the event the approvals referenced in Section 1(c) are obtained and the Agreement is not terminated pursuant to Section 1 (c) or pursuant to paragraph 6 of this Second Amendment, Buyer and Seller agree to extend the Closing Date up to a date not later than May 29, 2014.

3. First Amendment, Section 4. Buyer and Seller hereby agree that Section 4 of the First Amendment is hereby deleted in its entirety and the following substituted in its place:

Buyer and Seller acknowledge that Seller and Community Research Foundation, Inc. ("CRF") have entered into a Sublease dated as of September 26, 2012 providing for CRF to sublease space in the Property ("CRF Sublease"). The CRF Sublease provides that CRF will provide various services to adults and seniors in the subleased premises. Buyer acknowledges that it has approved the CRF Sublease. The City has objected to the CRF Sublease as it provides for services to adults who were not seniors and has required that the Seller obtain approval from the City Council or City Mayor, whichever is legally required, of an amendment to the Ground Lease allowing for services to be provided to other adults who are not seniors ("Ground Lease Amendment"). Buyer hereby agrees to reasonably support the Ground Lease Amendment and agrees to reasonably support and assist Seller, with due diligence, to obtain City Council or City Mayor, whichever is legally required, approval of the Ground Lease Amendment and the CRF Sublease by the City Council before May 30, 2013. Notwithstanding the above, Buyer shall not have liability to the Seller in the event the City Council or City Mayor do not approve the Ground Lease Amendment or CRF Sublease. Nothing in this section shall change or amend Seller's right to terminate this Agreement as set forth herein.

4. First Amendment, Section 4.3 Section 4.3 of the First Amendment is hereby deleted in its entirety.

5. Due Diligence. Buyer acknowledges that the Due Diligence Period has terminated and Buyer has completed its due diligence investigation of the Property, except as provided in paragraph 8 below.

6. New Section 4.4. The following Section 4.4 is added to the Agreement:

Buyer shall provide reasonably satisfactory evidence to Seller on or before January 1, 2014, that it has a signed term sheet for adequate financing or funds to pay the Purchase Price on or before the Closing Date. If Buyer fails to timely provide such evidence Seller may terminate the Agreement.

7. First Amendment, Section 8. The reference to "one hundred fifty-six (156) affordable units" contained in Section 8 of the First Amendment is hereby replaced with "one hundred fifty-six(156) low-income senior housing units".

8. First Amendment, Section 9. To the extent any provision set forth in the Original Agreement or the First Amendment contradicts anything set forth in this Section 8 of this Second Amendment, the parties agree that this Section 8 of this Second Amendment shall control, and Buyer and Seller hereby amend and restate Section 9 of the First Amendment in its entirety to provide as follows:

> Title. Attached hereto as Exhibit B is a title report issued by Escrow Holder for the Property ("Title Report"). Buyer hereby agrees that the following are Permitted Exceptions: (a) items 1-4 and 6-18 shown as exceptions to coverage in the Title Report; and (b) all matters and exceptions in any survey obtained by Buyer prior to May 25, 2013. If Buyer is not satisfied with the survey, it may terminate this Agreement on or before May 25, 2013, by written notice to Seller given on or before May 25, 2013, and the Deposit shall be refunded to Buyer. Buyer and Seller agree that the words "together with such endorsements or affirmative coverage as Buyer may request" shall be deleted from Section 11.1(f).

9. Section 3(c). The following changes shall be made to Section 3 (c) (2) and (3):

> The word "Buyer" in the last two sentences of Section 3 (c) (2) and in the last sentence of Section 3 (c) (3) shall be replaced with the words "City Mayor".

10. Section 3. The dollar amount of "$50,000" as used in section 3(a) , as added by paragraph 3 of the First Amendment, shall be deleted and the dollar amount of "$100,000 shall be inserted in its place.

11. The following shall be added to Section 13 (i): " Seller will provide copies of HUD formal written approval of any withdrawal of reserves for replacements within 30 business days of receipt of said approval."

12. General Provisions.

(a) Counterparts. This Amendment may be executed in any number of counterparts and, as so executed, the counterparts shall constitute one and the same agreement. The parties agree that each such counterpart is an original and shall be binding upon all the parties, even though all of the parties are not signatories to the same counterpart.

(b) Conflicts. In the event of any conflict between the Agreement or any document executed in conjunction therewith and this Amendment, this Amendment shall control.

(c) Recitals Incorporated. The Recitals to this Amendment are hereby incorporated in this Amendment by this reference.

(d) Severability. If any provision of this Amendment is deemed to be invalid or unenforceable by a court of competent jurisdiction, that provision shall be severed from the rest of this Amendment and the remaining provisions shall continue in full force and effect.

parties hereto that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

(f) Ratification of Agreement. Except as amended hereby, the Agreement shall remain in full force and effect.

SELLER:
San Diego Kind Corporation, a California nonprofit public benefit corporation

By: _____
Percil Standford, PHD, President

BUYER:
Housing Development Partners of San Diego, a California nonprofit public benefit corporation

By: _____
Marco Vakili, Executive Director

COMMERCIAL LEASE – SHORT FORM

This Lease is made on December 20, 2011, between San Diego Kind Corporation ("Landlord") and Housing Development Partners of San Diego ("Tenant").

1. Landlord agrees to rent to Tenant and Tenant agrees to rent form Landlord the premises as outlined on Exhibit A ("Premises") and located at 1055 9th Avenue, San Diego, California 92101 ("Property"). Landlord and Tenant acknowledge that Landlord leases the Property from the City of San Diego pursuant to a Lease dated September 14, 1979 ("Master Lease"). This Sublease is subject to all the provisions of the Master Lease, and Tenant shall not permit any act or omission to act that will violate any of the provisions of the Master Lease. The Premises contains an estimated 1,400 square feet of interior floor space. The measurement has not been formally completed and Landlord and Tenant agree that the estimate is adequate for the purposes of this Lease.

2. The term of this Lease will be month to month beginning January 1, 2012. Landlord will allow early occupancy to the Tenant beginning on December 20, 2011. Termination of the Lease requires sixty (60) days' notice by either Landlord or Tenant.

3. The rental payments will be $1,600 per month and will be payable by Tenant to Landlord on the first day of each month. Rent for the month of January will be waived in consideration for Tenant completing tenant improvements. The first month's rent payment will begin on February 1, 2012. If any rental payment is not paid within ten (10) days of its due date, Tenant agrees to pay an additional late charge of $75.

4. Tenant agrees to use the Property only for general office purposes.

5. Tenant has paid Landlord a security deposit of $1,000. This security deposit will be held as security for the repair of any damages to the property by Tenant or pay for costs resulting from any other defaults of Tenant. This deposit will be returned to Tenant within ten (10) days of the termination of this Lease, minus any amount needed to repair the property or to pay for any costs caused by Tenant's defaults.

6. Tenant agrees to maintain the Premises in good condition, repair and in a clean and sanitary manner and not to make any alterations to the Premises without the Landlord's written consent. At the termination of this Lease, Tenant agrees to leave the Premises in the same condition as when it was received, except for Tenant's permitted tenant improvements and normal wear and tear.

7. Landlord agrees to supply the following utilities and services to Tenant at no charge to Tenant: (i) utilities: gas, water, sewer and trash; and (ii) weekly services: janitorial service.

8. Tenant agrees to obtain and pay for the following utilities: internet, phone and cable.

9. Tenant agrees not to sublet the Premises or assign this Lease without Landlord's prior written consent, which may be withheld in its sole discretion, and the consent of the City of San Diego. Tenant agrees to allow Landlord reasonable access to the Premises for inspection and repair. Landlord agrees to only enter the Premises after notifying Tenant in advance, except in an emergency.

10. Tenant has inspected the Premises and has found it satisfactory and accepts it in its "As-Is" condition.

11. If Tenant fails to pay the rent on time or violates any other terms of this Lease, Landlord will have the right to terminate this Lease in accordance with state law. Landlord will also have the right to re-enter the Property and take possession of it and seek any other legal remedies available.

12. Landlord agrees that Tenant may install the following equipment and fixtures for the purpose of operating Tenant's business: tenant improvements include painting of interior walls, installation of an interior door and re-keying of locks. Tenant shall obtain all required permits for such improvements and comply with all legal requirements, including all requirements of the City of San Diego pursuant to the Master Lease.

13. Landlord agrees to carry fire and casualty Insurance on the Property, but does not have any liability for the operation of Tenant's business. Tenant agrees not to do anything that will increase Landlord's insurance premiums and, further, agrees to indemnify and hold Landlord harmless from any liability caused by Tenant's operations. The Tenant agrees to carry casualty insurance on any equipment or fixtures that Tenant installs at the property. In addition, Tenant agrees to carry business liability insurance covering Tenant's business operations in the amount of $1,000,000 with Landlord named as a co-insured party. Tenant agrees to furnish Landlord copies of the insurance policies and to not cancel the policies without notifying Landlord in advance.

14. This Lease is subject to any mortgage or deed of trust currently on the Property or which may be made against the Property at any time in the future. Tenant agrees to sign any documents necessary to subordinate this Lease to a mortgage or deed of trust for Landlord.

15. The following are additional terms of this Lease: Tenant understands that there are potentially unknown environmental contaminants on the Property and Tenant hereby agrees to hold Landlord harmless of any and all claims related to environmental conditions associated with the Tenant's rights under this Lease or caused by Tenant.

16. The parties agree that this Lease is the entire agreement between them. This Lease binds and benefits both Landlord and Tenant and any successors.

17. If any party hereto becomes involved in arbitration or litigation arising out of this Agreement, or the performance of it, the court or tribunal in such arbitration or tribunal in

such arbitration or litigation, or in a separate suit, shall award reasonable costs and expenses of arbitration and litigation, including expert witness fees and attorney's fees, to the prevailing party.

Landlord:	**Tenant:**
San Diego Kind Corporation By: Fran E Kilburg Fran E. Kilburg, Treasurer	Housing Development Partners of San Diego By: _____ Marco Vakili, Executive Director

Recording requested by:
CHICAGO TITLE COMPANY

DOC # 2014-0517195

NOV 25, 2014 4:59 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 147.00 WAYS: 3
PAGES: 35

~~RECORDING REQUESTED BY AND~~
WHEN RECORDED MAIL TO:

HDP Broadway, L.P.
c/o Housing Development Partners of San Diego
1055 9th Avenue
San Diego, CA 92101
Attention: Michael Pavco

MAIL TAX STATEMENTS TO:

HDP Broadway, L.P.
c/o Housing Development Partners of San Diego
1055 9th Avenue
San Diego, CA 92101
Attention: Michael Pavco

FB
35P
3W

7371400489 4
760-214-04

ADDENDUM, ASSIGNMENT, ASSUMPTION AND
LESSOR CONSENT, ESTOPPEL AND NONDISTURBANCE AGREEMENT

concurrently herewith.

This **ADDENDUM, ASSIGNMENT, ASSUMPTION AND LESSOR CONSENT, ESTOPPEL, AND NONDISTURBANCE AGREEMENT** (the "**Agreement**") is dated as of November 1, 2014, but made effective on the 25th day of November, 2014, by and among **CITIBANK, N.A.**, a national banking association ("**Lender**"), **HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO**, a California nonprofit public benefit corporation ("**HDPOSD**"), **HDP BROADWAY, L.P.**, a California limited partnership (the "**Borrower**") and the **CITY OF SAN DIEGO** ("**City**"); who agree as follows:

1. Recitals. This Agreement is made with reference to the following facts:

1.1 The City owns the real property located in San Diego, California described on the attached Exhibit "A" (the "**Real Property**") and commonly known as San Diego Square Apartments. The Real Property, all improvements located thereon (the "**Improvements**") and all easements appurtenant thereto are collectively called the "**Premises.**"

1.2 City, as lessor, and San Diego Kind Corporation, a California nonprofit corporation ("**SD Kind**"), as lessee, were parties to that certain Lease Agreement (the "**Existing Lease**") filed in the Office of the San Diego City Clerk on September 14, 1979, as Document No. RR-250195, as amended pursuant to that certain First Amendment to Lease dated May 29, 2013 between City and SD Kind, and relating to the ground lease of the Real Property.

1.3 Pursuant to that certain Assignment and Assumption of Ground Lease dated February 7, 2014 and recorded February 14, 2014 and recorded as Document No. 2014-0063697 in the Official Records of the San Diego County Recorder's Office (the "**Official Records**"), SD Kind assigned, transferred, and conveyed to HDPOSD all of SD Kind's right, title and interest in, to and under the Existing Lease and HDPOSD accepted such assignment and assumed SD Kind's obligations under the Existing Lease from the effective date thereof.

1.4 Fee title to the Improvements was vested in HDPOSD by Grant Deed recorded February 14, 2014 and recorded as Document No. 2014-0063696 in the Official Records.

1.5 HDPOSD, as lessee, and City, as lessor, have entered into that certain City of San Diego Percentage Ground Lease dated effective as of May 24, 2013 and filed on May 14, 2013, as Document No. RR-308156 in the Office of the City Clerk, San Diego, relating to the Real Property, as amended pursuant to that certain First Amendment to Percentage Ground Lease dated effective as of April 1, 2014 and filed as Document No. RR-308899, and that certain Second Amendment to Lease dated effective as of November 20, 2014 and filed on November 18, 2014 as Document No. RR-309323, and as described in Exhibit "B" (as so amended, the "**Lease**").

1.6 As contemplated by the "Recitals, Information, Conditions, Termination of Existing Lease" section of the Lease, HDPOSD intends to assign the Lease to a limited partnership of which HDPOSD, or an affiliate thereof, will be the general partner to secure anticipated financing to pay for a potential Rehabilitation (as defined in the Lease) of the Improvements.

1.7 In accordance with its intentions, HDPOSD desires to assign to Borrower and Borrower desires to assume all of HDPOSD's rights and obligations as lessee under the Lease. The Borrower is a limited partnership, the general partner ("**General Partner**") of which is HDP Broadway Management, LLC, a California limited liability company ("**HDP Broadway Management**") and HDP Broadway Management is owned 79% by HDPOSD and 21% by Senior Housing Corporation, a California nonprofit public benefit corporation. The limited partners of the Borrower ("**Limited Partners**") are Boston Capital Commonwealth Tax Credit Fund III, A Limited Partnership (as anticipated successor to Boston Capital Direct Placement, A Limited Partnership), a Massachusetts limited partnership, and BCCC, Inc., a Massachusetts corporation. Concurrently herewith HDPOSD is selling to Borrower and Borrower is purchasing from HDPOSD by deed the fee ownership interest in the Improvements and Borrower will perform the Rehabilitation.

1.8 Borrower has applied to the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "**Governmental Lender**"), for a loan (the "**Loan**") to finance the acquisition of HDPOSD's rights and obligations as lessee under the Lease and the Rehabilitation of the Improvements. The Loan is evidenced by that certain Multifamily Note dated November 25, 2014 in the original principal amount of $17,825,000 made by Borrower payable to the order of Governmental Lender (the "**Note**") and that certain Loan Agreement dated as of the date hereof between Borrower and Governmental Lender (the "**Loan Agreement**"). The Loan is secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof executed by Borrower for the benefit of Governmental Lender (the "**Deed of Trust**"; and together with the Note, the Loan Agreement and all other documents executed in connection with the Loan, including this Agreement, the "**Loan Documents**"), which Deed of Trust encumbers the Borrower's interest in the Lease and Premises.

1.9 Borrower has requested that Lender enter into that certain Funding Loan Agreement dated as of the date hereof, among Governmental Lender, MUFG Union Bank, N.A., a national banking association, as Fiscal Agent, and Lender, pursuant to which Lender will make a loan to Governmental Lender (the "**Funding Loan**"), the proceeds of which have been used to make the Loan pursuant to the Loan Agreement to Borrower. The Note, the Deed of Trust and the Loan Agreement are each being assigned by Governmental Lender to Lender to secure the Funding Loan.

1.10 As contemplated by the Recitals, Information, Conditions, Termination of Existing Lease section of the Lease, the commencement of the Lease is expressly conditioned upon all of the conditions precedent set forth in Recital J of the Lease (the "**Conditions Precedent**") being satisfied on or before April 30, 2015.

1.11 The provisions of this Agreement are intended to be supplementary to, and not in derogation of, the parties' rights and obligations contained in the Lease (including all of Lender's rights under the Lease as a lender and leasehold mortgagee), but in the event of any conflict or inconsistency between the terms of the Lease and the terms of this Agreement, the terms of this Agreement shall govern and control, and the Lease shall be deemed to be modified hereby. Capitalized terms used in this introductory paragraph shall have the respective meanings given thereto as set forth below. Capitalized terms not defined herein shall have the respective meanings given thereto in the Lease.

1.12 In connection with the foregoing, and as set forth below, concurrent with the making of the Loan and recordation of the Deed of Trust, Lender, HDPOSD, Borrower and City desire to enter into this Agreement.

2. Incorporation of Recitals. The parties hereto agree that the recitals set forth above are incorporated by reference into this Agreement and form a material part of this Agreement upon which the parties have relied.

3. Assignment and Assumption. HDPOSD hereby assigns all of its right, title, interest and obligations in and under the Lease to Borrower. Borrower hereby assumes all of HDPOSD's right, title, interest and obligations in and under the Lease. Borrower further assumes and agrees to perform all of the duties, obligation, covenants, agreements, promises, terms, conditions and provisions contained in the Lease to be observed, kept, performed or complied with by LESSEE, from and after the effective date of this Agreement. Notwithstanding the foregoing, City is not waiving any obligations under the Lease which are personal to HDPOSD.

4. Consent of City.

4.1 City hereby consents to the assignment to Borrower of all of HDPOSD's right, title, interest and obligations in and under the Lease; provided, however, that HDPOSD is not released from liability under the Lease or the Existing Lease for matters arising out of conditions existing on or before the effective date of this Agreement.

4.2 City hereby further consents to Borrower's pledge, assignment, and hypothecation to Governmental Lender of Borrower's leasehold interest under the Lease and of its right, title and interest in and to the Premises pursuant to the Lease (and any modifications, extensions, consolidations, or replacements thereto or thereof and any future advances thereunder), including assignment to Governmental Lender of Borrower's interest in and to the Lease, the Premises and all subleases of the Premises or any portions thereof, in connection with the Loan, and to the assignment from Governmental Lender to Lender all of Governmental Lender's right, title and interest in and to the Note, the Deed of Trust and the Loan Agreement. All such consent is in satisfaction of the requirements of Sections 4.2 and 4.3 of the Lease. No additional consent of City is required for Lender, any entity in which Lender holds a direct or indirect controlling interest or any nominee of the foregoing acting in its own name or in Lender's name solely as an agent of the foregoing (each, a "**Lender Affiliate**") or any "**Qualified Regulated Financial Institution**" (as defined in Section 12 below) to acquire any interest in the Loan, Lease or the Premises; however, Lender shall notify City of the event of any such acquisition.

5. Commencement Date; Lease Term. City hereby certifies, as of the effective date hereof, that all Conditions Precedent to the effectiveness of the Lease have been satisfied or waived. As required by Section 2.1.1 of the Lease, this Agreement shall evidence that the term of the Lease shall be 65 years from the effective date hereof, which it is agreed shall be the Commencement Date. Effective as of the Commencement Date, the Existing Lease is hereby terminated.

6. Estoppel. City further certifies, as of the date hereof, to Lender and Borrower with respect to the Lease as follows:

6.1 Except as identified in Exhibit "B", there are no other amendments, supplements, modifications or changes to the Lease. The documents described on Exhibit "B", together with this Agreement, collectively constitute the entire agreement between the City and Borrower with respect to the Premises, and are enforceable against Borrower and City in accordance with their terms.

6.2 City is the Lessor under the Lease with respect to the Premises and City has not transferred its interest under the Lease.

6.3 All rents, charges and amounts due to City under the Existing Lease (including those that may have accrued thereunder) have been paid or waived.

6.4. To the best of City's knowledge, no default, or any event or condition which, with the passing of time or the giving of notice, or both, would constitute a default on the part of City or Borrower, exists under the Lease in the performance of the terms, covenants and conditions of the Lease required to be performed on the part of City or Borrower.

6.5 The current uses of the Premises comply with the Lease and all applicable zoning and land use and occupancy laws and regulations affecting the Premises.

6.6 City acknowledges receipt of a copy of the Deed of Trust and any other Loan Documents that the City has requested to review.

6.7 City, in its Landlord capacity only, has approved the Rehabilitation in accordance with the Plans and Specifications as approved by the Development Services Department of the City of San Diego.

7. Need for Lender's Consent.

7.1 City acknowledges and agrees that, during the term of the Loan, as it may be extended, Borrower may not surrender, abandon, cancel, modify, amend, restate or voluntarily terminate the Lease or all or any part of the leasehold estate, without the prior written consent of Lender, which consent may be given, conditioned or withheld in Lender's sole discretion Borrower will not accept any conveyance of all or any part of the leasehold estate without the prior written consent of Lender, which consent may be given, conditioned or withheld in Lender's sole discretion. The canceling, modifying, restating, amending or terminating of the Lease by City without Lender's prior written consent (other than a termination of the Lease following a default that remains uncured or waived following City's compliance with the terms and conditions set forth in this Agreement, including without limitation Lender's and the Limited Partners' notice and cure rights set forth in this Agreement and Lender's rights to obtain a new lease) shall (at Lender's option or either Limited Partner's option, as applicable) be null, void, and of no force or effect, and not bind any party to the Lease, including the Lender or any new lessee. In no event shall any abandonment of the Premises or the leasehold estate or any action by Borrower to terminate the Lease be effective without the prior written consent of Lender. City agrees that it shall give notice (as defined and required herein) to Lender and the Limited Partners of any such abandonment or action by Borrower to terminate the Lease, and Lender shall thereupon be entitled to exercise its rights and remedies under the Deed of Trust or other Loan Documents and the provisions of this Agreement and the Limited Partners shall thereupon be entitled to exercise their rights and remedies under the provisions of this Agreement.

7.2 Without Lender's and Limited Partners' prior written consent, which may be given, conditioned or withheld in such party's sole discretion (other than as expressly provided below), City shall not (a) assign the Lease or sublet the Premises or any part thereof except as permitted herein or (b) encumber all or any portion of City's interest in the Lease or Premises; provided, that Lender's and Limited Partners' consent to amendments to the Lease that do not affect the principal economic terms of the Lease shall not be unreasonably withheld, conditioned or delayed.

7.3 No consent, approval or submittal by Borrower and no agreement relating to any of Borrower's rights, powers, privileges and obligations under the Lease shall be deemed final, valid, binding or of any force or effect, unless Lender has approved each such consent, approval, submittal and agreement in writing and in advance, or waived its right to approve the same in writing and in advance (which waiver shall relate solely to the specific consent, approval, submittal or agreement provided to Lender for its approval and shall not constitute a waiver of Lender's right to consent with respect to any other consent, approval, submittal or

agreement); provided, however, that in issuing or waiving such consents, approvals, submittals and agreements, Lender shall not incur any liability or assume any obligations with respect thereto.

8. Casualty and Condemnation.

8.1 In the event of any damage to or destruction of the Premises, subject in all events to the requirements of the Lender (which shall prevail), any proceeds of insurance shall be paid directly to Lender for application in accordance with the provisions of the Deed of Trust and the other Loan Documents until the indebtedness and obligations under the Deed of Trust and the other Loan Documents have been paid and satisfied in full, and thereafter shall be paid to or apportioned between City and/or Borrower as provided under the other provisions of the Lease. No election by City or Borrower to terminate the Lease upon any such casualty shall be effective without the prior written consent of Lender.

8.2 In the event of any condemnation affecting the Premises, notwithstanding anything to the contrary in Section 7.1.3 of the Lease or this Section 8.2, that part of any award or other compensation attributable to the value of Borrower's interest in the leasehold estate created by the Lease, that part of the award attributable to value of Borrower's interest in the operating business within the Improvements, and that part of any award attributable to the value of Borrower's interest in the Improvements for the then-remaining term of the Lease (collectively, the "**Borrower Portion**"), as determined by the appraisal method set forth in Section 8.4 below, shall be paid to Lender for application in accordance with the provisions of the Deed of Trust and the other Loan Documents until the indebtedness and obligations under the Deed of Trust and the other Loan Documents have been paid and satisfied in full, and thereafter shall be paid to or apportioned to Borrower as provided under the Lease. Notwithstanding the foregoing, any portion of any award or other compensation attributable (i) solely to the taking of the land or fee estate, and (ii) to any loss of value of City's interest as lessor under the Lease (including any reversionary interest in the Improvements) (the "**City Portion**"), each such amount determined by the appraisal method set forth in Section 8.4 below, shall be paid directly to City. In any such condemnation proceeding, to the extent not prohibited by law, City and Borrower agree to request that the court make or approve separate condemnation awards to City and Borrower, apportioned in accordance with Section 8.4 below, and that the court take such matters in account in rendering or approving separate awards.

8.3 In the event legal or other proceedings shall be instituted: (i) for the exercise of the power of eminent domain, or (ii) as a result of any damage to or destruction of the Premises, the City will provide reasonable prior notice to Lender of any such proceedings and will permit Lender to participate therein as an interested party. Should City or Borrower receive notice of institution of any proceedings, the party receiving such notice shall notify the other and Lender in accordance of the Notice provisions of the Lease, not later than thirty (30) days after receiving such notice. Further, City and Borrower will provide reasonable prior notice to the Lender and Lender shall have the right to participate in any settlement, stipulation or agreement to sell or transfer all or any portion of the leasehold estate in lieu of condemnation, and no such settlement, stipulation or agreement shall be made or entered into without Lender's prior written consent, which consent shall be in the Lender's sole and absolute discretion and may be

conditioned upon the satisfaction of such terms and conditions as Lender may prescribe. In the event of such a negotiated sale of all or any portion of the Premises in lieu of condemnation, the sale price shall be determined, and the proceeds allocated and paid, as provided in cases of condemnation as set forth in Sections 8.2 and 8.4 of this Agreement. Lender shall also have the right (but not the obligation) to participate in any settlement, discussion, and/or arbitration proceeding between City and Borrower.

8.4 With respect to any condemnation award, the fair market value of the Borrower Portion and the City Portion shall be determined as the date of such condemnation event as follows:

8.4.1. First, by agreement between City and Borrower.

8.4.2. Second, if no agreement as to the fair market value can be reached within ten (10) business days (the "**Valuation Period**"), City and Borrower shall each appoint, by written notice to the other, an appraiser (which appraiser must possess the MAI designation). If either party fails to appoint such appraiser within ten (10) days following the Valuation Period, then the appraiser who is appointed shall select a second appraiser (which appraiser must also possess the MAI designation). Such two appraisers or the appraisers appointed by City and Borrower shall proceed to determine the fair market value of the Real Property and the Improvements, and the respective Borrower Portion and City Portion.

8.4.3. If such two appraisers are unable to agree upon a fair market value, then they shall jointly appoint a third appraiser meeting the required qualifications and the fair market value shall be that amount upon which any two of such three appraisers agree, or if no such agreement is reached, that fair market value which represents the average of the two fair market values determined by such appraisers which are numerically closest to one another, or, if all fair market values are numerically equidistant, the average of all three such fair market values. City and Borrower shall have the responsibility for paying the appraiser who was, or who should have been appointed by such party, and each shall pay one half (1/2) of the costs and expenses of the third appraiser if one is appointed.

8.5 For so long as Lender encumbers the leasehold estate of the Borrower under the Lease, all rights to which Borrower is entitled pursuant to this Section 8 shall be exercised by Lender.

9. No Merger. Without the written consent of Lender, there shall be no merger of the leasehold estate created under the Lease with the fee estate in the Premises by reason of the fact that such leasehold estate may be held directly or indirectly by or for the benefit of any person who owns the fee estate in all or part of the Premises, nor shall there be such a merger by reason of the fact that all or part of the leasehold estate created thereby is conveyed or mortgaged in a mortgage or deed of trust to a person that owns the fee estate in all or part of the Premises, and City shall remain bound by the provisions of this Agreement.

10. Default by Borrower Under Lease.

10.1 For so long as Lender encumbers the leasehold estate of the Borrower under the Lease, if either City or Borrower asserts a claim that the other of them or the holder of the other's interest under the Lease has failed to perform an obligation under the terms of the Lease or is otherwise in default under the Lease in any respect, then the party asserting said claim shall immediately deliver written notice thereof to Lender and the Limited Partners. Such notice (the "**Default Notice**") shall be delivered pursuant to Section 29.11 below. If City is the party making such assertion, then such Default Notice shall not be deemed to be delivered pursuant to the Lease until it has been received by Lender and the Limited Partners. Such Default Notice shall state in **LARGE BOLD TYPE** on the envelope, as well as on the top of the notice:

"LEASE DEFAULT NOTICE REGARDING _____. ACTION IS NECESSARY TO PREVENT LOSS OF YOUR COLLATERAL."

10.2 Notwithstanding anything to the contrary in the Lease, City agrees that in the event that Borrower shall not cure or remedy any failure to perform or other default under the Lease within the curative period provided for such failure or default in the Lease, then Lender shall have the right, at its sole option, to cure, or cause to be cured, for an additional period following the "**Lender Curative Commencement Date**" (as hereinafter defined), such default; it being agreed that Lender shall have sixty (60) days following the Lender Curative Commencement Date in which to cure such default or, if any such failure or default is not curable within sixty (60) days as determined by City in its commercially reasonable judgment, to commence to cure the default (or efforts to exercise remedies to enable it to cure such default) and diligently pursue such cure to completion, and in any such case, City shall accept such cure or remedy when fully completed. Provided no monetary default exists at the time, and Lender is diligently pursuing curing the default and Lender reasonably requires additional time to cure the default as determined by City in its commercially reasonable judgment, then the sixty (60) day period shall be extended so that Lender will have additional time necessary to gain the legal right to enter the Premises and to cure any such outstanding default, provided that such additional time shall not exceed an additional one hundred fifty (150) business days. The commencement of a Foreclosure Event (as defined in Section 10.6 below) shall be deemed the commencement of a cure, so long as Lender thereafter diligently prosecutes the same to completion. City agrees to not exercise any rights that it might otherwise have on account of any failure to perform or default, including, termination of the Lease, commencement of eviction proceedings or acceleration of rent during the foregoing curative periods extended to Lender.

Notwithstanding anything to the contrary in this Agreement or the Lease, the notice and cure rights in Section 10.1 and this Section 10.2, and where expressly provided herein shall be equally applicable to the Limited Partners. Further, any notice and cure period granted to the Limited Partners herein shall run concurrently with the applicable notice and cure period granted to Lender herein. Provided further, the definition of "Lender Curative Commencement Date" shall be equally applicable to the Limited Partners and any and all occurrences of "Lender" shall be read and applied as if substituting the same for "Limited Partners".

As used herein, "**Lender Curative Commencement Date**" shall mean (a) in the case of defaults for which a curative period is provided under the Lease, the lapse of Borrower's curative period; or (b) in the case of defaults for which no curative period is provided under the Lease, the

date of Lender's receipt of a Default Notice. Lender may cure any monetary default under the Lease by payment of the rent or other payment then overdue at the pre-default rental or other applicable rate, and City will not require Lender to pay any accelerated or future rents or other overdue payment in curing such a payment default and will accept such payment as full satisfaction and cure of the outstanding default with respect to the payment of rent or other overdue payment. Any additional rent due for failure to make any payment under the Lease when due, as provided in Section 3.10 of the Lease, shall be treated as unpaid rent under, and paid in accordance with, Section 3.5 of the Lease.

10.3 Notwithstanding anything to the contrary in this Agreement or in the Lease, whether before or after default, Lender, any Lender Affiliate or the Limited Partners may do any act or thing required of Borrower under the Lease, and any such act or thing done and performed by Lender, such Lender Affiliate or the Limited Partners shall be as effective to prevent a forfeiture of Borrower's rights under the Lease as if done by the Borrower itself. Subject to compliance with the applicable terms of the Lease, City and Borrower hereby agree that Lender, any Lender Affiliate and the Limited Partners shall have the same right as Borrower to enter the Premises for the express purpose of keeping, observing, or performing such terms or to cure a default of Borrower.

10.4 So long as Lender, any Lender Affiliate or the Limited Partners are prevented by any process or injunction issued by any court or by any statutory stay, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Borrower, from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, Lender, such Lender Affiliate and/or the Limited Partners, as applicable, shall not be deemed for that reason to have failed to take or diligently prosecute the proceedings necessary to gain the legal right to enter the Premises or to cure the non-monetary default, provided that Lender, such Lender Affiliate and/or the Limited Partners, as applicable, use reasonable efforts to contest and appeal the issuance or continuance of any such process, stay or injunction. City agrees that the time permitted Lender, such Lender Affiliate and the Limited Partners to cure defaults shall include and shall be extended by any period in which Lender, such Lender Affiliate and/or the Limited Partners, as applicable, is legally prevented or restricted from exercising its rights and remedies and from curing under the Deed of Trust or other Loan Documents by reason of any of the foregoing.

10.5 Notwithstanding anything to the contrary in this Agreement or the Lease, City shall have no right to assume the obligations of the Borrower under the Deed of Trust and the other Loan Documents without the prior written consent of Lender, which consent may be given, conditioned or withheld in Lender's sole discretion in accordance with the Deed of Trust and the other Loan Documents.

10.6 If a Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, or any other transferee acquires the Lease pursuant to foreclosure of the Deed of Trust, deed or assignment in lieu of foreclosure or other exercise of Lender's remedies under the Loan Documents (each, a "**Foreclosure Event**"), such transfer is called herein a "**Foreclosure Transfer.**" Subject to the condition regarding additional financial consideration to Lender and all notice requirements as stated below, Lender, any Lender Affiliate, any Qualified Regulated

Financial Institution, or any other transferee acquiring the leasehold estate as lessee under the Lease pursuant to a Foreclosure Event, will not be deemed to be an assignment under Section 4.3 of the Lease, or a sale, and shall not require any City consent, transferee agreement, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like set forth in the Lease except as set forth in this Agreement; however, Lender shall notify City of the event of any such Foreclosure Transfer.

Upon any Foreclosure Event and resulting Foreclosure Transfer, City will recognize Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, and any other person or entity acquiring the Lease, on the same terms and provisions and with all of the rights and privileges of Borrower, provided that the foregoing agrees to assume and be bound by all of the terms, covenants and conditions of the Lease as may be provided herein, subject to the provisions of this Agreement.

Notwithstanding the foregoing, if the transferee in a Foreclosure Transfer is any person other than Lender, a Lender Affiliate or a Qualified Regulated Financial Institution, then Lender or such person shall give City notice and identifying information pursuant to City's Charter Section 225, and City reserves the right, prior to consent to any such transferee, to determine whether such transferee has a favorable business reputation and is financially capable and qualified to conduct the business for which the Lease was granted, in City's reasonable discretion in accordance with City's Charter Section 225 (a "**City-approved transferee**"). For purposes of this determination, the following shall apply: (i) "a favorable business reputation" shall mean a reputation determined by City on a non-discriminatory basis to be consistent with the public trust in which the Premises is held, including without limitation the absence of a reputation for dishonesty, criminal conduct, or association with criminal elements; and (ii) the determination as to whether a person is "financially capable and qualified to conduct the business for which the Lease was granted" shall be evidenced by a net worth of not less than $5,000,000 and liquid assets of not less than $1,000,000 following the transfer, the proposed transferee's credit history and experience (which experience may be evidenced by the management ability of the proposed transferee, the proposed transferee's principal or a third-party professional property manager) (collectively, the "**Charter Criteria**"). Notwithstanding any provision to the contrary in the Lease or this Agreement, after City's receipt of notice and identifying information pursuant to City's Charter Section 225 of each such proposed transferee, and the aforementioned evidence for use in City's determination of (i) "a favorable business reputation" and (ii) "financially capable and qualified to conduct the business for which the Lease was granted" of said proposed transferee, City shall have ten (10) business days to provide written notice to Lender or such other person (in accordance with the provisions of Section 29.11) of its rejection of such proposed transferee, and for each proposed transferee for which City does not consent, City's notice shall provide an explanation of the reasons for the same. Failure by City to timely provide such written notice of rejection shall be deemed an acceptance by the City of said proposed transferee.

On condition that said Foreclosure Transfer does not result in Lender receiving additional financial consideration in excess of the amounts outstanding under the Loan Documents at the time of such Foreclosure Transfer and any costs and expenses incurred in connection with such foreclosure and Foreclosure Transfer, City shall not be entitled to any

additional compensation or rent or any change to any Lease terms, including, without limitation, any economic terms, in connection with any Foreclosure Transfer of the Lease, or any directly related subsequent transfer by Lender, any Lender Affiliate, any Qualified Regulated Financial Institution following a Foreclosure Event.

10.7 If Lender, any Lender Affiliate, Qualified Regulated Financial Institution or any City-approved designee of Lender (as defined in Section 11.1 below) or any City-approved transferee has acquired the Lease pursuant to a Foreclosure Transfer, and is diligently curing those non-monetary defaults that are not personal to Borrower (or any prior owner of the leasehold interest created under the Lease) and that are reasonably susceptible to being cured, then the default(s) by Borrower shall be deemed cured, and City shall not terminate the Lease due to such default. A Foreclosure Event shall not (in and of itself) constitute a default by Borrower under the Lease, and Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, any City-approved designee of Lender, and any other City-approved transferee of the leasehold estate shall be entitled to all the benefits of the Lease. City agrees to execute such documents as may be reasonably necessary to evidence such transferee's rights as lessee under the Lease.

11. Premature Termination. If the Lease is terminated prior to its stated expiration as a result of any actual or deemed rejection of the Lease under any provisions of Title 11 of the U.S. Code, a Foreclosure Event or by operation of law or otherwise (except with Lender's consent or because of a substantial condemnation), even if Lender or the Limited Partners failed to timely exercise their cure rights, then City will give written notice to Lender of such termination (the "**Termination Notice**") and Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, or other City-approved designee of Lender shall have the option, to obtain a new lease from City upon the following terms and conditions:

11.1 Upon written request received within ninety (90) days after service of the Termination Notice, City shall enter into a new lease (the "**New Lease**") with Lender, any Lender Affiliate, any Qualified Regulated Financial Institution or any City-approved designee of Lender, in accordance with Section 11.2 below; provided, however, that, in the case of Lender's designee other than a Lender Affiliate or a Qualified Regulated Financial Institution, Lender's designee shall have a favorable business reputation and shall be financially capable and qualified to conduct the business for which the Lease was granted, as determined by City in City's reasonable discretion prior to consent to any such designee in accordance with City's Charter Section 225 and the Charter Criteria set forth in Section 10.6 of this Agreement (a "**City-approved designee of Lender**"). Notwithstanding any provision to the contrary in the Lease or this Agreement, after City's receipt of notice and identifying information pursuant to City's Charter Section 225 of each such proposed designee, and the aforementioned evidence for use in City's determination of (i) "a favorable business reputation" and (ii) "financially capable and qualified to conduct the business for which the Lease was granted" of said proposed transferee, City shall have ten (10) business days to provide written notice to Lender or such other person (in accordance with the provisions of Section 29.11) of its rejection of such proposed designee, and for each proposed designee for which City does not consent, City's notice shall provide an explanation of the reasons for the same. Failure by City to timely provide such written notice of rejection shall be deemed an acceptance by the City of said proposed designee of Lender. Upon

timely notice of exercise of such right to enter into a New Lease, City and the new lessee shall enter into the New Lease within thirty (30) days thereafter, subject to a reasonable extension of time as agreed to by the City and Lender, any Lender Affiliate, any Qualified Regulated Financial Institution or any City-approved designee of Lender, as applicable.

11.2 The New Lease shall be effective as of the date of termination of the Lease and shall be for the remainder of the term of the Lease (including rights to all extension or renewal options, if any, that have not been exercised) and at the same rent and other charges therein provided and otherwise upon the same agreements, terms, covenants and conditions contained therein (except requirements that are no longer applicable or that were performed previously) and herein, for the same relative priority in time and right as the Lease and having the benefit of, and vesting in the new lessee, all of the same rights, title, interest, powers and privileges of Borrower thereunder and hereunder. Further, from the date the Lease terminates until the parties execute and deliver the New Lease, City shall not: (a) operate the Premises in an unreasonable manner; (b) terminate any sublease(s) except for a default thereunder beyond all applicable notice and cure periods; or (c) lease any of the Premises except to new lessee. Concurrently with the execution of the New Lease, City shall assign its interest in and to all subleases, if any, new subleases (including any security deposits held by City, if any), service contracts, and premises operations related to the Premises, and any offset rights which Borrower was entitled to under the Lease prior to the termination thereof shall automatically be transferred to new lessee and City shall cause any mortgagee on the fee estate to subordinate unconditionally to the New Lease. The City shall be liable for all operating expenses and other costs of operating and maintaining the Premises during the period of time commencing on the termination of the Lease and terminating on the commencement of the New Lease. Notwithstanding the foregoing, City is not waiving any rights City may have to recover such expenses and costs from the prior tenant.

11.3 If City is prohibited by state or federal law from entering into a New Lease with the same terms and conditions as the Lease, then City shall enter into a New Lease with Lender, Lender Affiliate, Qualified Regulated Financial Institution or City-approved designee of Lender that shall contain all of the terms and conditions of the Lease that are not prohibited by such state or federal law.

11.4 In connection with any such New Lease, City shall, by grant deed, convey for the term of the New Lease to Lender, any Lender Affiliate, any Qualified Regulated Financial Institute or City-approved designee of Lender title to all buildings, structures and the improvements, trade fixtures, installations or additions to the Premises, if any, which become vested in City as a result of termination of the Lease.

12. Conditions to Subsequent Encumbrances. City shall permit encumbrances of the Lease for the purpose of refinancing an existing loan, provided that the lender is a Lender Affiliate or a "Qualified Regulated Financial Institution," as defined below. City further agrees that upon any Foreclosure Transfer and resulting transfer of the leasehold estate, or any directly related subsequent transfer of the leasehold estate by Lender, any Lender Affiliate, any Qualified Regulated Financial Institution or any City-approved designee of Lender following a Foreclosure Event, Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, any City-

approved designee of Lender or any City-approved transferee, shall have the right to encumber the leasehold estate with a mortgage or deed of trust on the same terms and conditions, and with the same first lien priority as the Deed of Trust. City shall not be entitled to any additional rent, any amount under Section 4.3.3 of the Lease or any change to Lease terms, including without limitation any economic terms, in connection with such financing; provided that, in the event the principal amount of such financing is greater than the then-outstanding indebtedness plus amounts otherwise due to Lender under the Loan Documents (including all past due interest and other fees and costs), City may be entitled to collect a 2% transfer fee on such greater amount pursuant to Section 4.3.3 of the Lease. The term "**Qualified Regulated Financial Institution**" means:

(a) an insurance company subject to regulation by the insurance commissioner (or similar agency) of any state of the United States; a bank, savings bank, or savings and loan association chartered by the United States of America, any state thereof or any foreign nation or political subdivision thereof; or the Federal Home Loan Mortgage Corporation; or Fannie Mae; or a pension or retirement fund operated for the employees and former employees of, and regulated and controlled by, the United States of America or any state thereof or any agency of the United States or any state thereof; or an investment fund or other institution with substantial experience in financial markets (including but not limited to national brokerage companies) having assets equal to the greater of One Hundred Million Dollars ($100,000,000) or three (3) times the amount of the loan or portion thereof held by such lender; or a special purpose entity established by one of the foregoing; or any affiliate, subsidiary or nominee of any of the foregoing; in each case, in good standing under the laws of the jurisdiction of its incorporation; or

(b) the United States of America, or any state thereof, or any agency of the United States or any state thereof.

In each of the foregoing cases, such entity shall constitute a Qualified Regulated Financial Institution regardless of whether it holds the loan, or any interest therein, for itself or as a trustee.

13. Subleases. Upon any termination of the Lease pursuant to Section 11 above, or any situation in which the Borrower is in default, so long as Lender is acting to preserve the leasehold estate pursuant to its rights under this Agreement, the Deed of Trust and the Lease, City shall not disturb the possession of any sublessee of the Premises so long as such sublessee is not in default under its sublease, which is subordinate to the Lease.

14. Assignment of Lease by Lender.

14.1 Notwithstanding anything to the contrary in the Lease, if Lender, any Lender Affiliate, any Qualified Regulated Financial Institution or City-approved designee of Lender acquires any leasehold estate in the Premises (whether pursuant to a Foreclosure Transfer or under any New Lease executed pursuant to Sections 10 or 11 above), and Lender, or such Lender Affiliate, Qualified Regulated Financial Institution or City-approved designee of Lender thereafter desires to transfer its title to such leasehold estate, then any such transfer by Lender,

Lender Affiliate, Qualified Regulated Financial Institution or City-approved designee of Lender, will not be deemed to be an assignment under Section 4.3 of the Lease, and shall not require City's consent; however, Lender shall notify City of the event of any such transfer. However, if the transferee is any person other than Lender, a Lender Affiliate, or a Qualified Regulated Financial Institution, then City shall approve the transfer to such transferee, if (a) the transferee expressly assumes all obligations of the Borrower under the Lease arising after such transfer, and (b) the transferee has a favorable business reputation and is financially capable and qualified to conduct the business for which the Lease was granted, in City's reasonable discretion in accordance with City's Charter Section 225, and the Charter Criteria set forth in Section 10.6 of this Agreement. Notwithstanding any provision to the contrary in the Lease or this Agreement, after City's receipt of notice and identifying information pursuant to City's Charter Section 225 of each such proposed transferee, and the aforementioned evidence for use in City's determination of (i) "a favorable business reputation" and (ii) "financially capable and qualified to conduct the business for which the Lease was granted" of said proposed transferee, City shall have ten (10) business days to provide written notice to Lender or such other person (in accordance with the provisions of Section 29.11) of its rejection of such proposed transferee, and for each proposed transferee for which City does not consent, City's notice shall provide an explanation of the reasons for the same. Failure by City to timely provide such written notice of rejection shall be deemed an acceptance by the City of said proposed transferee.

Such transfer will not be deemed to be an assignment under Section 4.3 of the Lease and shall not require any other consent. On condition that said transfer does not result in Lender or Borrower receiving additional financial consideration in excess of the amounts outstanding under the Loan Documents at the time of Foreclosure Transfer or New Lease, as applicable, plus any costs and expenses incurred in connection with any Foreclosure Transfer, New Lease and/or such transfer, City shall not be entitled to any additional compensation (including but not limited to under Section 4.3.3 of the Lease) or rent or any change to any Lease terms, including, without limitation, any economic terms, in connection with any such transfer.

14.2 For proposed transferees that are companies whose shares are traded on a public exchange or that are subject to state or federal oversight (for example, but without limitation, a bank or other financial institution), such approval by City shall be of the company or institution as an entity and there shall be no obligation to disclose the names of the shareholders or other equity holders and the City shall not have the right to approve the identity of the shareholders or other equity holders in such company other than with respect to (i) those shareholders owning more than 5% of a class of equity securities in such company, as disclosed in such company's U.S. Securities and Exchange Form 10-K filing or (ii) those persons or entities owning more than 5% of a class of equity securities or equity interests in such proposed transferee subject to state or federal oversight but which is not a public company. "**Assignment**" shall not include any sale, assignment, hypothecation or other transfer of equity interests in a company whose shares are traded on a public exchange.

14.3 Such City-approved transferee thereafter shall be entitled to operate the project on the Premises, in accordance with and as contemplated by the Lease.

15. Assignment of Loan. Lender may assign all or any interest in the Loan and the

Loan Documents to any Lender Affiliate, any Qualified Regulated Financial Institution, or a Lender designee without the consent of City, provided Lender gives City 30-days prior notice thereof and provided further, however, that, in the case of Lender's designee other than a Lender Affiliate or a Qualified Regulated Financial Institution, Lender's designee shall have a favorable business reputation and is financially capable and shall be qualified to conduct the business for which the Lease was granted, as determined by City in City's reasonable discretion prior to consent to any such designee in accordance with City's Charter Section 225, and the Charter Criteria set forth in Section 10.6 of this Agreement. Notwithstanding any provision to the contrary in the Lease or this Agreement, after City's receipt of notice and identifying information pursuant to City's Charter Section 225 of each such proposed transferee, and the aforementioned evidence for use in City's determination of (i) "a favorable business reputation" and (ii) "financially capable and qualified to conduct the business for which the Lease was granted" of said proposed transferee, City shall have ten (10) business days to provide written notice to Lender or such other person (in accordance with the provisions of Section 29.11) of its rejection of such proposed transferee, and for each proposed transferee for which City does not consent, City's notice shall provide an explanation of the reasons for the same. Failure by City to timely provide such written notice of rejection shall be deemed an acceptance by the City of said proposed transferee. On condition that said assignment does not result in Lender or Borrower receiving additional financial consideration in excess of the amounts outstanding under the Loan Documents at the time of such transfer and any costs and expenses incurred in connection with such assignment, City shall not be entitled to any payment or to change any terms or conditions of the Lease in connection with any such assignment.

16. Restoration. Notwithstanding any contrary provision in the Lease, Borrower shall have no obligation to restore or repair the Premises following the occurrence of any casualty for which insurance is not required under the Lease. Notwithstanding the foregoing, City acknowledges that the lien of Lender's Deed of Trust attaches to the insurance proceeds described in the Lease and notwithstanding the provisions of the Lease or this Agreement to the contrary, if any, Lender may require that such insurance proceeds be applied to reduce the unpaid balance of Borrower's obligations to Lender under the Deed of Trust and the other Loan Documents if the combination of insurance proceeds and other proceeds readily available to Borrower for restoration are insufficient to complete such restoration as required by the Lease and this Agreement, or if Lender determines that its Deed of Trust would be impaired by using such proceeds for restoration of the Improvements. City agrees that neither Lender nor any Lender Affiliate, Qualified Regulated Financial Institution, City-approved designee of Lender or City-approved transferee acquiring all or a portion of the leasehold estate pursuant to a Foreclosure Event, upon an exercise of its cure rights pursuant to this Agreement, nor the new lessee under a New Lease pursuant to Section 11.1 hereof, nor any successive owner of a portion of the leasehold estate after such foreclosure or New Lease shall have any obligation hereunder or under the Lease to restore or repair damage to the Premises that cost in excess of available insurance proceeds or the casualty was not required to be insured pursuant to the Lease.

17. Limitation on Liability. Notwithstanding anything to the contrary in this Agreement, in no event shall Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, any City-approved designee of Lender or any City-approved transferee acquiring the leasehold estate as lessee under the Lease pursuant to a Foreclosure Event become personally

liable for the performance of any obligations of Borrower under the Lease pursuant to a Foreclosure Transfer or the New Lease provisions of this Agreement, it being agreed that (i) Lender's commencement of any Foreclosure Transfer or any efforts to cure any default under the Lease shall be for its own protection and shall not by itself constitute an assumption of the Lease nor obligate Lender to complete any such proceedings or cure, (ii) upon completion of any Foreclosure Transfer, the liability of Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, any City-approved designee of Lender or any City-approved transferee acquiring the leasehold estate as lessee under the Lease pursuant to a Foreclosure Event, under any assumption of the Lease or entering into a New Lease shall not extend to any default that occurred before such entity or person took title to the Lease (or a New Lease, as applicable) or extend to any third party for any liabilities or obligations of the Borrower arising before such entity or person took title to the Lease (or a New Lease, as applicable) except as agreed in the New Lease; and (iii) in the event Lender, any Lender Affiliate, any Qualified Regulated Financial Institution, any City-approved designee of Lender or any City-approved transferee shall have acquired the leasehold estate, any such person or entity shall be personally liable to perform only those obligations imposed on Borrower under the Lease commencing as of the date of the acquisition of the leasehold estate and on any subsequent assignment of the Lease to Lender, any Lender Affiliate, any Qualified Regulated Financial Institution or any such City-approved designee of Lender, shall be released from any further liability under the Lease accruing after the date of such assignment. An interest in a deed of trust securing any unpaid part of the purchase price for the Lease shall not be considered retention of an interest in the Lease for purposes of this subsection.

Notwithstanding any to the contrary contained in this Agreement, all violations, defaults and breaches under the Lease relating to Borrower or personal to Borrower, including but not limited to those violations, defaults and breaches set forth below, shall be deemed personal obligations of Borrower and shall automatically be deemed cured on transfer of the leasehold estate pursuant to the any Foreclosure Event, or upon the creation of a New Lease:

17.1.1. Any failure by Borrower or any prior tenant to make a disclosure of a hazardous substance release as required by the California Health and Safety Code, the Lease or otherwise;

17.1.2. Any default in the payment of rent, any default under any provision restricting transfers, encumbrances or similar matters, and any default resulting from a default under any other document, instrument or agreement;

17.1.3. Any breach of any representation or warranty given by Borrower or any prior tenant;

17.1.4. Any other defaults personal to Borrower or any prior tenant and/or not otherwise reasonably curable by Lender (or each subsequent transferee);

17.1.5. Attachment, execution or other judicial levy upon the Lease or the leasehold estate hereby created (provided such attachment, execution or levy either (i) was commenced or occurred at the direction or request of the Lender (or subsequent

transferee) in question), or (ii) would be subject and subordinate to the Deed of Trust in question);

17.1.6. Assignment of the Lease or the leasehold estate created under the Lease for the direct or indirect benefit of creditors of Borrower or any prior tenant (provided such assignment, as a matter of law or contract) is or was subject to the Deed of Trust in question);

17.1.7. Judicial appointment of a receiver or similar officer to take possession of property of any prior tenant (other than the leased Premises); and

17.1.8. Filing any petition by, for or against Borrower or any prior tenant (or any affiliate) under any chapter of the federal Bankruptcy Act or any federal or state debtor relief statute, as amended.

Lender, any Lender Affiliate, any Qualified Regulated Financial Institution (as defined in Section 12 of this Agreement), any City-approved designee of Lender or any City-approved transferee acquiring the leasehold estate as lessee under the Lease pursuant to a Foreclosure Event, or any directly related subsequent transfer by Lender, any Lender Affiliate, or any Qualified Regulated Financial Institution following a Foreclosure Event, shall be entitled to the New Lease as described in Section 11.1 without incurring or assuming any liability or obligation of, or claim against, Borrower under the Lease. Nothing in this section shall be deemed a waiver of any claim by City against Borrower under the Lease. Lender, any Lender Affiliate, any Qualified Regulated Financial Institution or any City-approved designee of Lender shall be automatically released from any liability for the obligations of Borrower under the Lease upon the transfer of title to the Lease.

18. Priority. If City encumbers its fee interest in the Premises, then Borrower shall not be required to subordinate the Lease, and any extensions, renewals or replacements thereof, or any sublease entered into by Borrower as sublessor, and any Deed of Trust or other encumbrance recorded by Lender to any mortgages, deeds of trust or similar encumbrances placed by City on the Premises or to any lien right or other right, title or interest, if any, of City in or to the buildings, and any furniture, fixtures, equipment or other personal property of Borrower upon the Premises. All potential future fee mortgagees or other lienholders shall execute, acknowledge and deliver a commercially reasonable nondisturbance agreement for the benefit of Borrower and Lender.

19. Estoppel Certificate. Within thirty (30) calendar days after written request by Borrower, Lender or either Limited Partner, City shall execute and deliver to Lender and the Limited Partners a statement (as executed, together with any amendments thereto and renewals and replacements therefor) satisfactory to the requesting party, containing in substantial substance the following assurances or undertakings, or such additional provisions as may be mutually acceptable to the requesting party and City certifying as follows:

19.1 That, as of the date of the statement, the Lease (or New Lease) is valid and in full force and effect (subject to any then exception reasonably justified), and has not been

altered, amended or modified, in any respect whatsoever, other than pursuant to disclosed amendments delivered to Lender and Borrower;

19.2 The last date City received rent under the Lease, the date such rent was due and the amount thereof;

19.3 That (a) no notice of any default by Borrower under the Lease (or the New Lease) has been issued by the City other than with respect to the defaults that have been cured or waived by the City and (b) there are not any events of default under the Lease (or whether there is or has been any event, act or omission on the part of City or Borrower, which would constitute an event of default with notice or lapse of time or both) to the best of City's knowledge as of the date of the certificate, and if Borrower shall be in default, specifying each such default of which City may have knowledge and such other information as may be reasonably requested by Borrower or Lender;

19.4 Acknowledging Lender and receipt of Lender's name and address for purpose of notices to be given and received pursuant to the provisions of the Lease and this Agreement;

19.5 That Lender may exercise against City all of Lender's rights in the Lease (or the New Lease) and this Agreement;

19.6 Confirming the commencement and termination dates of the Lease (or the New Lease), the amount of Base Rent, Supplemental Rent and other payments, if any, currently payable by Borrower and the date through which such payments have been made, whether any options to renew or extend the Lease (or the New Lease) or to purchase the City's interests in the Premises have been exercised or have lapsed and other factual matters or assurances as reasonably requested; and

19.7 That City understands the recipient will rely on the certificate.

In addition, in the event that there is any transfer of City's interests in the Premises, in connection with the execution of all documents required in connection therewith, City will cause any such transferee to provide such estoppel certificate as set forth herein and acknowledge the rights of Lender pursuant to this Agreement. It is intended that any such estoppel certificate may be relied upon by any persons or entities proposing to acquire the interest of City, or Borrower, as the case may be, in the Lease or by any prospective Lender or permitted assigned of any Lender.

20. No Automatic Rejection of the Lease. Subject to the terms of the Lease and this Agreement, unless Lender otherwise consents in writing, City hereby waives, and agrees not to assert or otherwise take the benefit of, Section 365(d) for or any other applicable provisions of the United States Bankruptcy Code (11 U.S.C. §101 et seq.), which may cause the termination of the Lease, or otherwise render it unenforceable in accordance with its terms, whether automatically by operation of law, or otherwise (so long as Borrower or Lender is (a) complying with the terms of Lease to the extent reasonably possible (other than payment of rent) prior to

possession of the Premises by Lender, and (b) exercising its rights to cure any default as provided for in the Lease and this Agreement). If the Lease is rejected in connection with a bankruptcy proceeding by Borrower, a trustee in a bankruptcy or such other party to such proceeding on behalf of Borrower, as applicable, such rejection shall be deemed an assignment by such persons or entities to Lender of the leasehold estate and all of Borrower's right, title and interest in and to the Lease and neither the leasehold estate nor the Lease shall terminate or be cancelled. Lender shall have all of the right, title and interest of the Borrower as if such bankruptcy proceeding has not occurred, unless Lender shall reject such deemed assignment by notice in writing to City within thirty (30) days following rejection of the Lease by Borrower, the trustee in bankruptcy or such other party to such proceeding, as applicable. If any court of competent jurisdiction shall determine that, notwithstanding the terms of the preceding sentences, the Lease shall have been terminated as a result of a rejection by Borrower, the trustee in the bankruptcy or such other party to such proceeding, as applicable, City shall, on Lender's written election, promptly enter into the New Lease pursuant to the terms and conditions of Section 11 of this Agreement notwithstanding the foregoing, it being the intention of the parties to preserve the Lease and the leasehold estate created by the Lease for the benefit of Lender without interruption, and accordingly, the rights of new lessee under Section 11 of this Agreement shall not be affected thereby.

21. Insurance. All requirements pertaining to insurance under the Lease (including requirements relating to amounts and types of coverages, deductibles and special endorsements) shall be deemed satisfied if Borrower complies with the insurance requirements under the Loan Documents. All original policies or duplicate original policies of insurance required pursuant to the Deed of Trust and related Loan Documents shall be held by the Lender. City shall be named as an additional insured as required under the Lease and nothing shall preclude City from being named as a loss payee, as its interest may appear, under all policies of insurance maintained by Borrower with respect to the Premises, provided such action does not affect the priority of payment of loss proceeds, or that the Lender be named as an additional insured under all policies of insurance maintained by Borrower with respect to the Premises. City shall not procure separate insurance concurrent in form or contributing in the event of a loss that specifically is required to be furnished by Borrower to the Lender. City may at its own expense, however, take out separate insurance which is not concurrent in form or contributing in the event of loss with that specifically required to be furnished by Borrower to Lender.

22. Improvements and Personal Property.

22.1 Ownership of Improvements. The following is hereby added to the end of the initial paragraph of Section 9.6 of the Lease: "From the Commencement Date through the expiration of the term of the Lease or the sooner termination of this Lease, LESSEE shall be sole owner of the Improvements for federal income tax purposes, and all alterations, additions, or betterments made thereto. It is the purpose and intent of LESSOR and LESSEE that LESSEE shall be accorded all the benefits and burdens of ownership of the Improvements throughout the term of the Lease. Accordingly, at all times during the term of the Lease, LESSEE shall be deemed to exclusively own the Improvements for federal and state and local tax purposes, and LESSEE alone shall be entitled to all of the tax attributes of ownership thereof, including, without limitation, the

right to claim depreciation or cost recovery deductions, the right to claim federal low income housing tax credits available to the LESSEE under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the Improvements, and the right amortize capital costs and to claim any other federal or state or local tax benefits attributable to the Improvements. LESSOR and LESSEE shall each report this transaction consistent with the provisions of this Section 22.1 on any federal, state or local tax return filed by each."

22.2 Personal Property. Notwithstanding anything to the contrary in the Lease, City agrees that all personal property now or hereafter on the Premises in which Lender now or hereafter has a security interest is severable and may be removed without further consent from City if Borrower defaults under the Loan Documents or the Lease.

23. Transfers of Ownership Interest in Borrower. Notwithstanding anything to the contrary contained in the Lease or this Agreement, including without limitation Section 4.3 of the Lease, City's review and consent shall not be required for the transfer of the General Partner's interest in Borrower or for the transfer of any ownership interest in such General Partner so long as each such transfer is to a Permitted Transferee (hereinafter defined); provided that Borrower shall notify City of any such transfer. Further, any additional consideration, including without limitation the 2% payment set forth in Section 4.3.3 of the Lease shall not apply to any such transfer to a Permitted Transferee. For the purposes of this Section 23, "Permitted Transferee" shall mean any Limited Partner or any entity controlled by any Limited Partner.

24. Improvements; Cosmetic Alterations. Notwithstanding anything to the contrary contained in the Lease, Borrower may make cosmetic alterations or improvements (the "**Cosmetic Alterations**"), without City's consent, so long as the Cosmetic Alterations: (i) do not adversely affect weight-bearing elements, structural elements or other building elements of the Property, (ii) the Cosmetic Alterations per project does not exceed an estimated construction cost of One Hundred Thousand Dollars ($100,000.00), (iii) Borrower gives City at least five (5) business days prior written notice of the Cosmetic Alterations prior to commencement of construction of the Cosmetic Alterations, (iv) prior to making any Cosmetic Alterations, Borrower shall apply for and obtain, any and all permits or licenses required by applicable governmental authorities which are necessary or desirable for Borrower to construct and install the same, and (v) all other provisions of the Lease apply to the construction of the Cosmetic Alterations.

25. Bankruptcy of City. In the event that the City shall become subject to any bankruptcy or insolvency proceeding, any rights, elections, or actions available to Borrower therein shall be subject to the rights of Lender under the Deed of Trust and the other Loan Documents to consent to, or to exercise on behalf of Borrower, such rights, elections, or actions. Without limiting the foregoing, no consent or acquiescence by Borrower to any rejection of the Lease by City or any successor or trustee in such proceeding shall be binding or effective without the prior, written consent thereto by Lender, and the rights, liens, and claims of Lender shall extend to, encumber, and include all rights to damages for any such rejection and all rights to continued possession of the Premises.

26. Rent. Notwithstanding anything to the contrary contained in the Lease, for so long as the Leasehold Estate is subject to the Deed of Trust held by Lender, Borrower shall not be obligated to pay more than seventy-five percent (75%) of Net Residential Operating Cash Flow in any Lease Year for current or accrued but unpaid residential rent due under Sections 3.4 or 3.5 of the Lease. Upon any Foreclosure Event and resulting Foreclosure Transfer, all accrued but unpaid rent from prior Lease Years and interest thereon, together with any rent for the Lease Year in which a Foreclosure Event occurs that remains unpaid, for any reason, shall be deemed automatically waived and Borrower shall have no further obligation with respect thereto.

27. Premises; Allowed Uses.

27.1. Multi-service Center with Support Facilities. Notwithstanding anything to the contrary contained in the Lease, City agrees that Borrower shall not be required to provide assistance and support services in the multi-service center in an amount exceeding $30,000 dollars annually, such amount increasing by three percent (3%) every three years beginning January 1, 2018.

27.2. Reservation of Rights. City shall repair or reimburse Borrower for reasonable costs incurred by Borrower to repair any physical damages to Premises or Borrower's personal property caused by City's exercising of its rights reserved in Section 1.9 of the Lease.

27.3. Exclusive Management. Subject to providing "competent management" (as defined in Section 1.10 of the Lease) of the Allowed Uses of the Premises and otherwise complying with all other requirements of the Lease, Borrower shall have exclusive management of the Premises without the consent or approval of City.

28. Payment and Performance Bonds. Lender shall have approval, consent and oversight rights in connection with any payment and performance bonds (or a letter of credit in lieu of such bonds) relating to the Rehabilitation or any future construction of improvements on the Premises, in accordance with the Loan Documents. Any payments under any payment and performance bonds issued jointly to Borrower, Lender and City, if the City is named as an additional obligee thereunder pursuant to the Lease, Borrower and, if applicable, shall be endorsed to the order of Lender, promptly upon Lender's demand, to be applied in accordance with the Loan Documents.

29. Miscellaneous.

29.1 Further Assurances. Each party to this Agreement shall execute and deliver all instruments and documents and take all actions as may be reasonably required or appropriate to carry out the purposes of this Agreement. City and Borrower acknowledge that Lender is relying on the foregoing representations, warranties, covenants and agreements of the undersigned in making the Loan to Borrower as secured by the Deed of Trust and the other Loan Documents, and warrants and affirms to and for the benefit of the Lender that each of those representations is true, correct and complete as of this date. Nothing contained in the Lease shall relieve the Borrower of its obligations and responsibilities under any Deed of Trust to operate the Premises as set forth therein.

29.2 Counterparts and Exhibits. This Agreement may be executed in counterparts, each of which is deemed an original and all of which together constitute one document. All exhibits attached to and referenced in this Agreement are incorporated into this Agreement.

29.3 Time of Essence. Time and strict and punctual performance are of the essence with respect to each provision of this Agreement.

29.4 Attorneys' Fees. The prevailing party(ies) in any litigation, arbitration, mediation, bankruptcy, insolvency or other proceeding ("**Proceeding**") relating to the enforcement or interpretation of this Agreement may recover from the unsuccessful party(ies) all costs, expenses, and reasonable attorneys' fees (including expert witness and other consultants' fees and costs) relating to or arising out of (a) the Proceeding (whether or not the Proceeding proceeds to judgment) and (b) any post-judgment or post-award proceeding including, without limitation, one to enforce or collect any judgment or award resulting from the Proceeding. All such judgments and awards shall contain a specific provision for the recovery of all such subsequently incurred costs, expenses, and reasonable attorneys' fees.

29.5 Modification. This Agreement may be modified only by a contract in writing executed by all the parties to this Agreement.

29.6 Prior Understandings. This Agreement and the Lease: (a) contain the entire and final agreement of the parties to this Agreement with respect to the Lease and all matters relating to the Lease and the subject matter of this Agreement, and (b) supersede all negotiations, stipulations, understandings, agreements, representations and warranties, if any, with respect to such subject matter, which precede or accompany the execution of this Agreement.

29.7 Interpretation. Whenever the context so requires in this Agreement, all words used in the singular may include the plural (and vice versa) and the word "person" includes a natural person, a corporation, a firm, a partnership, a joint venture, a trust, an estate or any other entity. The terms "includes" an "including" do not imply any limitation. No remedy or election under this Agreement is exclusive, but rather, to the extent permitted by applicable law, each such remedy and election is cumulative with all other remedies at law or in equity. The paragraph headings in this Agreement: (a) are included only for convenience, (b) do not in any manner modify or limit any of the provisions of this Agreement, and (c) may not be used in the interpretation of this Agreement. The provisions of this Agreement are intended to supplement the Lease.

29.8 Specific Enforcement. The terms of the Lease and this Agreement may be specifically enforced by City, Borrower, Lender or Third Party Beneficiaries.

29.9 Claims. Notwithstanding any provision to the contrary herein or in the Lease, City and Borrower shall deliver to Lender notice of any litigation or arbitration proceedings between the parties or involving the Premises or the Lease. Lender shall have the

right, at its option, to intervene and become a party to any such proceedings.

29.10 Partial Invalidity. Each provision of this Agreement is valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement (or the application of such provision to any person or circumstance) is or becomes invalid or unenforceable, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, are not affected by such invalidity or unenforceability.

29.11 Notices. Any notices, consents, approvals, submissions, demands, Demand Notices or other communications (herein individually and collectively referred to as "**Notice**") required or permitted to be given under this Agreement or the Lease shall be in writing. Unless otherwise required by law or governmental regulation, notice is duly given upon (i) delivery by certified mail, return receipt requested, postage prepaid at the address of the party set forth below or such other address as may be designated by notice to the other parties hereto, provided that the sending party receives a confirmation of delivery from the delivery service provider; (ii) delivery by nationally recognized overnight courier service with next-business-day delivery guaranteed, with all charges prepaid, at the address of the party set forth below or such other address as may be designated by notice to the other parties hereto, provided that the sending party receives a confirmation of delivery from the delivery service provider; (iii) hand delivery with same-day or next-business-day delivery guaranteed, with all charges prepaid, at the address of the party set forth below or such other address as may be designated by notice to the other parties hereto, provided that the sending party receives a confirmation of delivery from the delivery service provider; or (iv) when sent by facsimile to the address and number for such party set forth below (provided, however, that Notice is not effective unless a duplicate copy of the facsimile Notice is promptly given by one of the other methods permitted under this paragraph).

If to City:	The City of San Diego Real Estate Assets Department Attention: Director 1200 Third Avenue, Suite 1700 San Diego, California 92101
If to Borrower:	Housing Development Partners of San Diego 1335 Fifth Avenue San Diego, California 92101 Attention: Michael Pavco, Executive Director
If to Limited Partners:	c/o Boston Capital Partners One Boston Place, 21st Floor Boston, Massachusetts 02108 Attention: San Diego Square Asset Management Facsimile: (617) 624-8999

If to Lender:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, New York 10013 Attention: Transaction Management Group Deal ID# 22960 Facsimile: (212) 723 8209
And to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Deal ID# 22960 Facsimile: (805) 557 0924
And with a copy to:	Citibank, N.A. One Sansome Street, 27th Floor San Francisco, California 94104 Attention: Account Specialist Deal ID# 22960 Facsimile: (415) 445-9965
And with a copy to:	Berkadia Commercial Mortgage LLC 118 Welsh Road Horsham, Pennsylvania 19044 Attention: Client Relations Manager Deal ID# 22960 Facsimile: (215) 441-7295
And a copy of a notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Deal ID# 22960 Facsimile: (646) 291-5754

Each party shall make a reasonable, good faith effort to ensure that it will accept or receive Notices to it that are given in accordance with this paragraph. A party may change its address for purposes of this paragraph on condition that the other party(ies) are given written notice of the new address and all relevant contact information in the manner set forth above.

29.12 Waiver. Any waiver of a default or provision under this Agreement must be in writing. No such waiver constitutes a waiver of any other default or provision concerning

the same or any other provision of this Agreement. A consent to or approval of an act does not waive or render unnecessary the consent to or approval of any other or subsequent act.

29.13 Drafting Ambiguities. Each party to this Agreement and its legal counsel have reviewed and revised this Agreement. The rule of construction that ambiguities are to be resolved against the drafting party or in favor, of the party receiving a particular benefit under an agreement may not be employed in the interpretation of this Agreement or any amendment to this Agreement.

29.14 Third Party Beneficiaries. Nothing in this Agreement is intended to confer any rights or remedies on any person or entity other than the parties to this Agreement and their respective successors and assigns, unless such rights are expressly granted in this Agreement to another person specifically identified as a "**Third Party Beneficiary**." Lender, any Lender Affiliate, any Qualified Regulated Financial Institution and any other approved individual or entity (approved as required in this Agreement) is an express Third Party Beneficiary of this Agreement and each shall be entitled to enforce the same against City.

29.15. Enforcement not a Breach. No action taken by Lender to enforce its rights under the Deed of Trust or any of the Loan Documents against either City or Borrower or both, including, without limitation, any actions taken to collect any amounts due and owing to Lender any action to appoint a receiver for Lender or to otherwise protect the security of its Loan, shall constitute or result in a breach or violation of the Lease.

29.16. Lease Binding on Successors. The Lease, this Agreement and all of its provisions and attached Exhibits shall inure to the benefit of, and shall be binding upon, City, Borrower, Lender, the Limited Partners, Third Party Beneficiaries, and their legal representatives and permitted successors and assigns.

29.17 Miscellaneous. Lender may: (a) exercise its rights through a Lender Affiliate, assignee, designee, including a nominee, subsidiary, Qualified Regulated Financial Institution or other entity, acting in its own name or in Lender's name (and anyone strictly acting as Lender's agent under this clause "a" shall automatically have the same protections, rights, and limitations of liability as Lender) (b) refrain from curing any default; (c) abandon such cure at any time; or (d) withhold consent or approval for any reason or no reason, except where the Lease or this Agreement states otherwise. Any such consent or approval must be written. To the extent any Lender's or any Third Party Beneficiary's rights under the Lease apply after the Lease terminates, they shall survive such termination.

[The remainder of this page is intentionally left blank.]

29.18 City Approval. This Agreement is intended by the parties to satisfy all conditions in the Lease for City's written approval that is required for any and all proposed assignments, encumbrances, designees, or mortgages regarding the Lease and the Premises in connection with the Loan and the Loan Documents.

THE CITY:

THE CITY OF SAN DIEGO

By: _____
Name: Cybele Thompson
Title: Director, Real Estate Assets

Approved as to form and legality
This 21st day of Nov., 2014

JAN I. GOLDSMITH, CITY ATTORNEY

By: _____
Jeremy Fonseca
Deputy City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On Nov. 21, 2014 before me, Peggy Martinez, A NOTARY PUBLIC
Date *Here Insert Name and Title of the Officer*

personally appeared Cybele Lee Thompson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

PEGGY MARTINEZ
Commission # 1915190
Notary Public - California
San Diego County
My Comm. Expires Dec 4, 2014

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: Addendum, Assignment Document Date: Nov. 1, 2014
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer Is Representing: _____	Signer Is Representing: _____

©2014 National Notary Association • www.NationalNotary.org • 1-800-US NOTARY (1-800-876-6827) Item #5907

LENDER:

CITIBANK, N.A.,
a national banking association

By: _____
Michael Hemmens
Vice President

State of California)
County of Ventura)

On November 18, 2014, before me, Cynthia K. Martinez, Notary Public, personally appeared Michael Hemmens, who provided to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

CYNTHIA K. MARTINEZ
Commission # 1965955
Notary Public - California
Ventura County
My Comm. Expires Jan 7, 2016

Signature _____ (Seal)

BORROWER:

HDP BROADWAY, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC,
a California limited liability company,
its Managing General Partner

By: Housing Development Partners of San Diego,
a California nonprofit public benefit corporation,
its Managing Member

By: _____
Michael Pavco
Executive Director

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)
On Nov. 21, 2014 before me, Peggy Martinez, Notary Public
Date *Here Insert Name and Title of the Officer*
personally appeared Michael Pavco
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

PEGGY MARTINEZ
Commission # 1915190
Notary Public - California
San Diego County
My Comm. Expires Dec 4, 2014

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: Addendum, Assignment Document Date: Nov 1 2014
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer Is Representing: _____	Signer Is Representing: _____

©2014 National Notary Association • www.NationalNotary.org • 1-800-US NOTARY (1-800-876-6827) Item #5907

HDPOSD:

HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO, a California nonprofit public benefit corporation

By: _____
Michael Pavco
Executive Director

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On Nov. 21, 2014 *Date* before me, Peggy Martinez, A NOTARY PUBLIC *Here Insert Name and Title of the Officer*,

personally appeared Michael Pavco *Name(s) of Signer(s)*

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

PEGGY MARTINEZ
Commission # 1915190
Notary Public - California
San Diego County
My Comm. Expires Dec 4, 2014

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ *Signature of Notary Public*

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Addendum, Assignment Document Date: NOV. 1, 2014

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

©2014 National Notary Association • www.NationalNotary.org • 1-800-US NOTARY (1-800-876-6827) Item #5907

EXHIBIT "A"
Legal Description

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

EXHIBIT B

The Lease

The "Lease" consists of all of the following documents:

1. City of San Diego Percentage Lease dated effective as of May 24, 2013 and recorded on May 14, 2013, as Document No. RR-308156 in the Office of the City Clerk, San Diego.

2. First Amendment to Percentage Ground Lease dated effective as of April 1, 2014 and filed as Document No. RR-308899 in the Office of the City Clerk, San Diego.

3. Second Amendment to Percentage Ground Lease dated effective as of November 20, 2014 and filed on November 18, 2014 as Document No. RR-309323 in the Office of the City Clerk, San Diego.

4. This Agreement.

2

Recording requested by:
CHICAGO TITLE COMPANY

DOC # 2014-0517196

NOV 25, 2014 4:59 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 21.00
OC: OC TAX: N.D.
PAGES: 3

~~RECORDING REQUESTED BY AND~~
WHEN RECORDED MAIL TO:

HDP Broadway, L.P.
c/o Housing Development Partners of San Diego
1055 9th Avenue
San Diego, CA 92101
Attention: Michael Pavco

MAIL TAX STATEMENTS TO:

HDP Broadway, L.P.
c/o Housing Development Partners of San Diego
1055 9th Avenue
San Diego, CA 92101
Attention: Michael Pavco

(Above Space for Recorder's Use Only)

7371400489A
760-214-04

GRANT DEED

TRANSFER TAX NOT A
MATTER OF PUBLIC RECORD

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Housing Development Partners of San Diego, a California nonprofit public benefit corporation, herein called "Grantor," has granted to HDP Broadway, L.P., a California limited partnership, its successors and assigns, herein called "Grantee," all of its right, title, and interest in and to all buildings and improvements situated Lots A, B, C, D, E, F, G, H, I, J, K and L in Block 31 of Horton's Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by L.L. Lockling filed in the Office of the County Recorder of San Diego, which buildings and improvements are and shall remain real property.

Dated: November 21, 2014

"GRANTOR"

Housing Development Partners of San Diego,
a California nonprofit public benefit corporation

By: _____
Michael Pavco
Executive Director

GENERAL ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF San Diego)

On November 21, 2014 before me, Tina Kessler, Notary Public, personally appeared Michael Pavco, who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

Signature of Notary Public

(Seal)

EXHIBIT "A"
Legal Description

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

APN/Parcel ID(s): 760-214-04-00

3

DOC # 2014-0517197

NOV 25, 2014 4:59 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 53.00
OC: AFNF

PAGES: 7

Recording requested by:
CHICAGO TITLE COMPANY

~~RECORDING REQUESTED BY AND~~
WHEN RECORDED MAIL TO:

HDP Broadway, L.P.
c/o Housing Development Partners of San Diego
1055 9th Avenue
San Diego, CA 92101
Attention: Michael Pavco

MAIL TAX STATEMENTS TO:

Fe
JP
OC

HDP Broadway, L.P.
c/o Housing Development Partners of San Diego
1055 9th Avenue
San Diego, CA 92101
Attention: Michael Pavco

7371400489

SPACE ABOVE THIS LINE FOR RECORDER'S USE

760-214-04

MEMORANDUM OF LEASE DTT: $8,965.00

This Memorandum of Lease (the "**Memorandum**") is dated as of November 25, 2014 between City of San Diego, a California municipal corporation ("**Landlord**"), HDP Broadway, L.P., a California limited partnership ("**Lessee**") and Housing Development Partners of San Diego, a California nonprofit public benefit corporation ("**Prior Lessee**") who agree as follows:

Tax computed on Full Value.

1. Landlord and Prior Lessee were parties to that certain Percentage Ground Lease dated May 24, 2013, with respect to the real property (the "**Property**") described as set forth in Exhibit A attached hereto, as amended by that certain First Amendment to Percentage Ground Lease dated effective as of April 1, 2014 by and between Landlord and Prior Lessee, as further amended pursuant to that certain Second Amendment to Lease dated effective as of November 20, 2014 by and between Landlord and Prior Lessee, and as further amended by that certain Addendum, Assignment, Assumption and Lessor Consent, Estoppel and Nondisturbance Agreement (the "**Addendum**") dated effective as of November 25, 2014 by and among, Landlord, Prior Lessee, Lessee and Citibank, N.A., a national banking association (as so amended, the "**Lease**").

2. Pursuant to the Addendum, which is to be recorded concurrently herewith, the Lease is being assigned to, and assumed by, Lessee.

3. Pursuant to the Lease, Landlord has leased the Property to Lessee and Lessee has accepted tenancy of the Property from Landlord commencing on the Commencement Date (as defined therein) for the term specified therein consisting of sixty five (65) years from and after the Commencement Date.

4. The provisions of the Lease to be performed by Lessee, whether affirmative or negative in nature, are intended to and shall bind Lessee and its successors and assigns at any time, and shall inure to the benefit of Landlord and its successors and assigns.

5. The provisions of the Lease to be performed by Landlord, whether affirmative or negative in nature, are intended to and shall bind Landlord and its successors and assigns at any time, and shall inure to the benefit of Lessee and its successors and assigns.

6. Landlord acknowledges and agrees that the Lease Agreement dated September 14, 1979 (the "**Original Lease**") between Landlord and San Diego Kind Corporation, a California nonprofit public benefit corporation ("**SD Kind**") as amended pursuant to that certain First Amendment to the Lease dated May 29, 2013 between Landlord and SD Kind, as assigned to, and assumed by, HDPOSD pursuant to that certain Assignment and Assumption of Ground Lease by and between SD Kind, as assignor, and HDPOSD, as assignee, and recorded in the Official Records of San Diego County Recorder's Office on February 14, 2014, as Document No. 2014-0063697. The Original Lease has terminated in its entirety and is of no force and effect as of the Commencement Date.

7. This Memorandum is prepared for the purpose of recordation only and it in no way modifies any of the provisions of the Lease.

8. Reference is hereby made to the entire Lease for any and all purposes. A true copy of the Lease is on file in the office of the San Diego City Clerk, 202 C Street, 2nd Floor, San Diego, California 92101.

IN WITNESS WHEREOF, the Landlord and the Lessee have executed this Memorandum as of the date first set forth above.

[signatures to follow on subsequent page]

LANDLORD

THE CITY OF SAN DIEGO

By: _____
Name: Cybele Thompson
Title: Director, Real Estate Assets

PRIOR LESSEE

HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO, a California nonprofit public benefit corporation

By: _____
Michael Pavco
Executive Director

LESSEE

HDP Broadway, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC,
a California limited liability company,
its Managing General Partner

By: Housing Development Partners of San Diego, a California nonprofit public benefit corporation, its Managing Member

By: _____
Michael Pavco
Executive Director

Approved as to form and legality

This 21st day of November, 2014

JAN I. GOLDSMITH, CITY ATTORNEY

By: _____
Jeremy Fonseca
Deputy City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On Nov 21, 2014 (Date) before me, Peggy Martinez Notary Public (Here Insert Name and Title of the Officer)

personally appeared Michael Pauco (Name(s) of Signer(s))

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

PEGGY MARTINEZ
Commission # 1915190
Notary Public - California
San Diego County
My Comm. Expires Dec 4, 2014

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Signature of Notary Public)

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Memorandum of Lease Document Date: NOV. 1, 2014

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

©2014 National Notary Association • www.NationalNotary.org • 1-800-US NOTARY (1-800-876-6827) Item #5907

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Diego)

On Nov 21, 2014 before me, Peggy Martinez, A NOTARY PUBLIC
Date *Here Insert Name and Title of the Officer*

personally appeared Cybele Lee Thompson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

PEGGY MARTINEZ
Commission # 1915190
Notary Public - California
San Diego County
My Comm. Expires Dec 4, 2014

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: Memorandum of Lease Document Date: Nov. 1, 2014
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer — Title(s): _____	☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer Is Representing: _____	Signer Is Representing: _____

©2014 National Notary Association • www.NationalNotary.org • 1-800-US NOTARY (1-800-876-6827) Item #5907

EXHIBIT A

TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION

EXHIBIT "A"
Legal Description

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

A

DOC # 2014-0517198

29018-10 Recording requested by:
CHICAGO TITLE COMPANY

JH:SM;JDA;

NOV 25, 2014 4:59 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 177.00

PAGES: 55

~~RECORDING REQUESTED BY AND~~
WHEN RECORDED RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Stephen G. Melikian, Esq.

FR
55P

737140048914

534-196-05
760-214-04

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

By and Between

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

and

HDP BROADWAY, L.P.

Dated as of November 1, 2014

Relating to:

$17,825,000
HOUSING AUTHORITY OF THE CITY OF SAN DIEGO
MULTIFAMILY HOUSING REVENUE NOTE
(SAN DIEGO SQUARE APARTMENTS)
SERIES 2014E-1

TABLE OF CONTENTS

Section 1. Definitions and Interpretation 2
Section 2. Acquisition, Rehabilitation and Equipping of the Project 6
Section 3. Residential Rental Property 7
Section 4. Low Income Units 9
Section 5. Tax Status of the Note 11
Section 6. Modification of Special Tax Covenants 12
Section 7. Indemnification 13
Section 8. Consideration 15
Section 9. Reliance 15
Section 10. Sale or Transfer of the Project; Syndication 15
Section 11. Term 16
Section 12. Covenants to Run With the Land 17
Section 13. Burden and Benefit 17
Section 14. Uniformity; Common Plan 18
Section 15. Enforcement 18
Section 16. Recording and Filing 19
Section 17. Payment of Fees 19
Section 18. Governing Law 19
Section 19. Amendments 20
Section 20. Notice 20
Section 21. Severability 22
Section 22. Multiple Counterparts 22
Section 23. Compliance by Borrower 22
Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower 22
Section 25. Third-Party Beneficiary 22
Section 26. CDLAC Requirements 22
Section 27. Damage, Destruction or Condemnation of the Project. 23

APPENDIX A - LEGAL DESCRIPTION
APPENDIX B - CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
APPENDIX C - INCOME COMPUTATION AND CERTIFICATION
APPENDIX D - CDLAC RESOLUTION
APPENDIX E - CDLAC COMPLIANCE CERTIFICATE

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "**Regulatory Agreement**"), dated as of November 1, 2014, by and between the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "**Authority**") and HDP Broadway, L.P., a California limited partnership (the "**Borrower**").

W I T N E S S E T H

WHEREAS, the Authority is a California housing authority acting under the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the "**Act**"); and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds or notes to finance the acquisition, rehabilitation and equipping of multifamily rental housing for families and individuals of low income and very low income within the City of San Diego, California (the "**City**"); and

WHEREAS, the Authority is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**")); and

WHEREAS, on October 28, 2014, the legislative body of the Authority adopted a resolution (the "**Resolution**") authorizing the issuance of a revenue note in connection with financing the acquisition, rehabilitation and equipping of a 156-unit (including two manager's units) multifamily rental housing project located in the City; and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Authority's plan of financing residential rental housing, the Authority has issued its Housing Authority of the City of San Diego Multifamily Housing Revenue Note (San Diego Square Apartments) Series 2014E-1 in the aggregate principal amount of $17,825,000 (the "**Note**") whose proceeds will be used to make a loan to the Borrower (the "**Borrower Loan**"), to enable the Borrower to finance the acquisition, rehabilitation and equipping of the Project (as defined herein) for the public purpose of providing decent, safe and sanitary housing for senior individuals of low income and very low income; and

WHEREAS, the Authority and Borrower have entered into a Borrower Loan Agreement (as defined herein), providing the terms and conditions under which the Authority will make the Borrower Loan to the Borrower to finance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, all things necessary to make the Note, when issued as provided in the Funding Loan Agreement (defined herein), the valid, binding, and limited obligation of the Authority according to the import thereof, and to constitute the Funding Loan Agreement valid assignments of the amount pledged to the payment of the principal of, and premium, if any, and

interest on the Note, has been done and performed, and the creation, execution, and delivery of the Funding Loan Agreement, and the execution and issuance of the Note, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Authority has obtained an allocation for the Project of a portion of the State of California's private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Authority and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, rehabilitation, equipping and operation of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"**Adjusted Income**" means the adjusted income of all persons who intend to reside in one residential unit, calculated in the manner determined by the Secretary of the Treasury pursuant to Section 142(d)(2)(B) of the Code.

"**Affiliate**" means (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower 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), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"**Area**" means the San Diego County, California, Primary Metropolitan Statistical Area.

"**Authority Fee**" means (i) the administrative fee of the Authority payable on the Closing Date in the amount of $44,562.50 (which is 0.250% of the initial principal amount of the Note), and (ii) the ongoing administrative fee payable every 12 months commencing November 1, 2015, in an amount equal to $22,281.25 (which is 0.125% of the initial principal amount of the Note).

"**Borrower Loan**" has the meaning given to it in the recitals hereto.

"**Borrower Loan Agreement**" means the Borrower Loan Agreement, dated as of November 1, 2014, between the Authority and Borrower, as amended, supplemented or restated from time to time.

"Borrower's Tax Certificate" means the Certificate Regarding Use of Proceeds, dated as of the Closing Date, with respect to certain Project Costs, executed by the Borrower delivered to the Authority by the Borrower.

"CDLAC" means the California Debt Limit Allocation Committee.

"CDLAC Resolution" means Resolution No. 14-76 adopted by CDLAC on July 16, 2014, awarding an allocation of $14,230,000 of its unused 2012 private activity volume cap allocation carryforward, and $3,595,000 of its 2014 private activity volume cap, to the Project and the Note, including any amendments from time to time thereafter.

"Certificate of Continuing Program Compliance" means the certificate with respect to the Project to be filed by the Borrower with the Authority, which shall be substantially in the form attached hereto as Appendix B.

"Closing Date" means the date of delivery of the Note.

"Code" has the meaning given to it in the recitals hereto.

"Completion Date" means the date on which the Project is completed, as "Completion" is determined under the Borrower Loan Agreement.

"Costs of Issuance" means (a) the fees, costs and expenses of (i) the Authority, Authority's counsel and Authority's financial advisor, (ii) Bond Counsel, (iii) the Servicer and its counsel, (iv) the Funding Lender and its counsel, (v) the Fiscal Agent and its counsel, and (vi) the Borrower's counsel; and (b) all other fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Note, including printing costs, costs of reproducing documents, filing and recording fees, and any fees, costs and expenses required to be paid to the Funding Lender or Servicer in connection with the origination of the Borrower Loan.

"Equity Investor" has the meaning given to it in Section 10 hereof.

"Event of Default" has the meaning given to it in Section 15 hereof.

"Fiscal Agent" means MUFG Union Bank, N.A., a national banking association, and its successors or assigns.

"Funding Lender" means (a) Citibank, N.A., a national banking association, and (b) any successor funding lender appointed pursuant to Section 12.3 of the Funding Loan Agreement.

"Funding Loan Agreement" means the Funding Loan Agreement, dated as of the date hereof, among the Authority, Funding Lender and Fiscal Agent, pursuant to which the Note has been issued, as amended or supplemented from time to time.

"Income Certification" means the Income Computation and Certification Form in substantially the form attached hereto as Appendix C.

"Inducement Date" means September 24, 2013.

"Low Income Tenants" means individuals or families with an Adjusted Income that does not exceed 60% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Low Income Units" means the dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a) of this Regulatory Agreement.

"Median Income for the Area" means the median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

"Note" has the meaning given to it in the recitals hereto.

"Project" means the Project Facilities and the Project Site.

"Project Costs" mean to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation and equipping of the Project, whether paid or incurred prior to or after the 60th day preceding the Inducement Date, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

"Project Facilities" means the buildings, structures and other improvements on the Project Site that are being financed with proceeds of the Note, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

"Project Site" means the parcel or parcels of real property described in Appendix A, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining in which the Borrower has a leasehold interest.

"Qualified Project Costs" means costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (within the meaning of the Code) (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in constructing or rehabilitating the Project (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate that are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such Affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the date of a declaration of "official intent" to reimburse costs paid with respect to the Project (within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Note, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Note, such costs were (A) costs of issuance of the Note, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of construction of the Project that do not exceed 20% of the aggregate issue price of the Note (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than 18 months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid).

"Qualified Project Period" means the period beginning on the first day on which at least 10% of the dwelling units in the Project are first occupied and ending on the later of (a) the date that is 55 years after the date on which 50% of the dwelling units in the Project are occupied, (b) the first day on which no tax exempt bonds or notes with respect to the Project are Outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

"Servicer" means the entity appointed pursuant to Section 10.28 of the Borrower Loan Agreement.

"Very Low Income Tenants" means individuals or families with an Adjusted Income that does not exceed 50% of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing

Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 152(f)(2) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 152(f)(2) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

Household Size	Adjustment
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

"Very Low Income Units" means the dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(j) of this Regulatory Agreement.

Capitalized terms that are not defined herein shall have the meanings assigned to them in the Funding Loan Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Rehabilitation and Equipping of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, rehabilitate and equip the Project, pursuant to which the Borrower is obligated to expend at least 5% of the aggregate net sale proceeds of the Note.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition, rehabilitation and equipping of the Project and the disbursement of Note proceeds are accurately set forth in the Borrower's Tax Certificate that has been delivered to the Authority.

(c) The Borrower will proceed with due diligence to complete the acquisition, rehabilitation and equipping of the Project and expects to expend the full amount of the proceeds of the Borrower Loan for Project Costs prior to the date that is three years after the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Authority, Funding Lender, or Servicer are true and correct as of the Closing Date.

(e) Money on deposit in any fund or account in connection with the Note, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower in a manner that would cause the Note to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Note from being "arbitrage bonds" under the Code.

(f) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Note to be applied in a manner contrary to the requirements of the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement. Neither the Borrower nor any Affiliate shall purchase the Note or take any action that would cause the Note to be considered federally guaranteed within the meaning of Section 149(b)(2)(B)(ii) of the Code.

(g) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including, if applicable, the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

(h) The representations of the Borrower in the Borrower Loan Agreement are accurate in all material respects as of the date of recordation of this Regulatory Agreement and are incorporated by reference herein.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, rehabilitated and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Borrower has not and shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Note (if outstanding) will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for the two (2) manager's units described in (g) below) will be available for rental on a continuous basis to members of the general public, and the Borrower has not and will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, Very Low Income Tenants, holders of Section 8 certificates or vouchers, and senior individuals.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case one unit may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or maintenance personnel. Subject to the foregoing limitation, up to a total of two units in the Project may be occupied by a resident manager or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Authority from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Borrower Loan and cause the Note to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, source of income (e.g. TANF, SSI), mental or

physical disability, age (except to the extent that dwelling units are required to be leased to senior individuals), national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants, respectively, then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Section 4(a) below until the earliest of any of the following occurs:

(i) The household's income exceeds 140% of the income at which such household would qualify as a Low Income Tenant or a Very Low Income Tenant.

(ii) The household voluntarily moves or is evicted for "good cause." For these purposes, "good cause" means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement that detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Fifty-five (55) years after the Closing Date.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Authority may but shall not be required to monitor the Borrower's compliance with the provisions of subparagraph (j) above.

Section 4. Low Income Units. Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) During the Qualified Project Period, not less than 40% of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents that do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Authority and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code) the following unit sizes and household sizes:

Unit Size	Household Size
One Bedroom	Two Persons
Two Bedrooms	Three Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units that are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who, at the commencement of the occupancy, is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Low Income Tenant in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Authority, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Authority or (4) such other information as may be reasonably requested by the Authority.

Copies of the most recent Income Certifications for Low Income Tenants shall be attached to the quarterly report to be filed with the Authority as required in (d) below.

(c) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and to the extent necessary to comply with the requirements of Section 4(a) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and within 15 days of the last day of each quarter thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Authority of the status of the occupancy of the Project by delivering to the Authority a Certificate of Continuing Program Compliance.

(e) The Borrower shall maintain complete and accurate records pertaining to the Low Income Units, and shall permit any duly authorized representative of the Authority,

Servicer, Funding Lender, Department of the Treasury or Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Authority.

(g) The Borrower shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from Section 8 certificate or voucher holder in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units on the basis of source of income (i.e., TANF or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid for the rent applicable to the Low Income Unit to be occupied, provided that such Low Income Tenant's expenses have not materially increased).

(h) Each lease pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Authority a copy of the form of application and lease to be provided to prospective Low Income Tenants. The term of the lease shall be not less than 30 days.

(j) Not less than one-quarter of the Low Income Units (i.e., 10% of the units in the Project) shall be Very Low Income Units and shall be rented to, or made available for rental to, Very Low Income Tenants on the same terms and conditions, and subject to the same requirements, as are set forth in this Section 4 with respect to the Low Income Units, except that monthly rents shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, adjusted as provided in Section 4(a) above.

Section 5. Tax Status of the Note. The Borrower and the Authority each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal

income tax purposes or the exemption from California personal income taxation of the interest on the Note, and if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Authority and Funding Lender, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Note; and

(c) The Borrower, at the Borrower's expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Authority and Funding Lender, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to the Funding Lender or Servicer or their respective designees should the Funding Lender or Servicer or their respective designees become the owner of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Borrower Loan Documents.

Section 6. Modification of Special Tax Covenants. The Borrower and the Authority hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority and Funding Lender, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement that must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Note, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Authority, Funding Lender and Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment approved and signed by the Authority and Borrower, approved by the Funding Lender and Servicer, and approved by the written opinion of Bond Counsel that such amendment will not affect the exclusion from gross income for federal income tax purposes of interest on the Note.

(c) The Borrower and the Authority shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and the Borrower appoints the Authority as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Borrower defaults in the performance of its obligations under this subsection (c); provided, however, that the Authority shall take no action under this subsection (c) without first notifying the Borrower.

Section 7. Indemnification. The Borrower hereby releases the Authority, Funding Lender, Servicer and Fiscal Agent and their respective officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Authority, Funding Lender, Servicer and Fiscal Agent and their respective officers, members, directors, officials, agents and employees and each of them (collectively, the "Indemnified Parties" and individually, an "Indemnified Party") from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, actual out-of-pocket costs of investigation, reasonable attorneys' fees, actual out-of-pocket litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, Note, or execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Borrower Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Borrower Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of the Note or any certifications or representations made by any person (other than the Authority or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Note, the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, construction or equipping of, the Project or any part thereof; and (f) arising out of or in connection with the Funding Lender's or Servicer's exercise of their respective powers or duties under the Borrower Loan Agreement, this Regulatory Agreement or the Funding Loan Agreement, the Fiscal Agent's exercise of its powers or duties under the Funding Loan Agreement, or any other related agreements to which the Funding Lender, Servicer or Fiscal Agent is a party; except (1) in the case of the foregoing indemnification of the Funding Lender, Servicer or Fiscal Agent or any of their respective officers, members, directors, agents and employees, to the extent such damages are caused by the negligence or willful misconduct of such person and (2) in the case of the foregoing indemnification of the Authority or any of its officers, members, directors, officials, agents and employees, to the extent such damages are caused by the willful misconduct of such person.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Funding Lender, Servicer or Fiscal Agent or any of their respective Indemnified Parties to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party, and (ii) in the case of the foregoing indemnification of the Authority or any of its Indemnified Parties, to the extent such damages are caused by the willful misconduct of such Indemnified Party.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Authority shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim which actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Authority, Funding Lender, Servicer and Fiscal Agent from (i) any lien or charge upon payments by the Borrower to the Authority, the Funding Lender, Servicer and Fiscal Agent hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Authority shall give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7 for all claims arising from events occurring prior to such transfer, unless at the time of transfer the Authority has consented to indemnification under this Section 7 from such subsequent owner for all claims arising from events occurring prior to such transfer. If the Authority has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer.

In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Funding Lender, Servicer, Fiscal Agent or Authority in enforcing the provisions hereof.

The provisions of this Section 7 shall survive the term of the Note and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

Section 8. Consideration. The Authority has issued the Note to make the Borrower Loan, to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Project. In consideration of the issuance of the Note by the Authority, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Authority and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Note, and in the exclusion from gross income for federal income tax purposes of interest on the Note and the exemption from California personal income taxation of the interest on the Note. In performing its duties and obligations hereunder, the Authority may rely upon statements and certificates of the Borrower, the Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Authority may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority, Funding Lender or Servicer under this Regulatory Agreement in good faith and in conformity with such opinion; provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern the interpretation and enforcement of this Regulatory Agreement.

Section 10. Sale or Transfer of the Project; Syndication. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Authority (except as provided in the next succeeding paragraph) and upon receipt by the Authority (except as provided in the next succeeding paragraph) of (i) such certifications as deemed necessary by the Authority to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Borrower Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Authority; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Project, a property manager's experience with owning and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, and (v) an opinion of Bond Counsel addressed to the Authority to the effect that such transfer will not cause interest on the Note to become includable in the gross income of the recipients thereof for federal income tax purposes.

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer.

Nothing contained in this Section 10 shall affect any provision of the Borrower Loan Documents to which the Borrower is a party that requires the Borrower to obtain the consent of the Funding Lender or Servicer as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower or that gives the Funding Lender or Servicer the right to accelerate the maturity of the Borrower Loan under the Borrower Loan Agreement, or to take some other similar action with respect to the Borrower Loan, upon the sale, transfer or other disposition of the Project. Notwithstanding anything contained in this Section 10 to the contrary, neither the consent of the Authority nor the delivery of items (i) through (v) of the preceding paragraph shall be required in the case of a foreclosure or deed in lieu of foreclosure or comparable conversion of the Borrower Loan made pursuant to the Borrower Loan Agreement, whereby the Funding Lender or Servicer or any of their respective designees, or a third party purchaser from the Funding Lender or Servicer or any of their respective designees becomes the owner of the Project, and nothing contained in this Section 10 shall otherwise affect the right of the Funding Lender or Servicer or any of their respective designees, or any such third party purchaser, to foreclose on the Project or to accept a deed in lieu of foreclosure or to effect a comparable conversion of the Borrower Loan made pursuant to the Borrower Loan Agreement. Consent of the Authority and delivery of items (i) through (v) of the preceding paragraph shall be required for any future transfer of the Project to be made subsequent to any transfer described in the preceding sentence.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Authority, Funding Lender and Servicer a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted: (a) a transfer of partnership interests in Borrower to or by the tax credit investor (the "**Equity Investor**") under the amended and restated partnership agreement of the Borrower (the "**Partnership Agreement**") and/or the special limited partner of the Borrower under the Partnership Agreement (if any, the "**Special Limited Partner**"), or its or their respective designee pursuant to the Partnership Agreement; (b) a transfer of the limited partner interests in the Borrower of the Equity Investor and/or the Special Limited Partner to an affiliate of such Equity Investor and/or Special Limited Partner; (c) a transfer of the limited partner interests in the Equity Investor and/or the Special Limited Partner to nonaffiliates of such Equity Investor and/or Special Limited Partner with notice to the Authority, Funding Lender and Servicer; (d) the removal and replacement of the general partner of the Borrower under the Partnership Agreement (the "**General Partner**") pursuant to the Partnership Agreement. Prior to any transfer of partnership interests or removal of the General Partner permitted in (a) through (d) above, the Authority shall receive an opinion of Bond Counsel acceptable to the Authority to the effect that such transfer will not cause interest on the Note to become includable in the gross income of the recipients thereof for federal income tax purposes.

Section 11. Term. Except as provided in Section 3(j) and Section 7 above, which provisions shall continue beyond the Qualified Project Period, and except as provided in the second paragraph of this Section 11, this Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7 above, and in the CDLAC Resolution referred to in Section 26 below, it being

expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Note and expiration of the Funding Loan Agreement, Borrower Loan Agreement and Borrower Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Authority, Funding Lender (if the Note is outstanding), and Borrower only if there shall have been received by the Authority and Funding Lender an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note or the exemption from State personal income taxation of the interest on the Note.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7), this Regulatory Agreement, and each and all of the terms hereof, shall terminate and be of no further force or effect in the event of an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by (i) fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Authority from enforcing the provisions of this Regulatory Agreement, or (ii) foreclosure on the Project or delivery of a deed in lieu of foreclosure or condemnation or a similar event, but only if within a reasonable period thereafter the Note is redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliate obtains an ownership interest in the Project for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms. Borrower agrees that the reasonable fees and costs of the Authority, Funding Lender and Servicer and their respective legal counsel in connection with the termination of this Regulatory Agreement shall be paid by the Borrower.

Section 12. Covenants to Run With the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Authority and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 13. Burden and Benefit. The Authority and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Authority and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the

enjoyment and use of the Project by Low Income Tenants and by furthering the public purposes for which the Note was issued.

Section 14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 15. Enforcement. If the Borrower defaults in the performance or observance of any of its covenants, agreements or obligations set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given (i) by the Authority to the Borrower, Funding Lender and Equity Investor or (ii) by the Funding Lender to the Authority, Equity Investor and Borrower (provided, however, that the Authority may at its sole option extend such period if the Borrower provides the Authority and Funding Lender with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note (if outstanding)), then the Authority may declare an "Event of Default" to have occurred hereunder and shall provide written notice thereof to the Borrower and Funding Lender and, at the Authority's option may take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Authority hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; or

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Authority may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower.

The Funding Lender shall have the right, in accordance with this Section 15 and subject to the applicable provisions of the Funding Loan Agreement, to exercise any or all of the rights or remedies of the Authority hereunder; provided that prior to taking any such act, the Funding Lender shall give the Authority written notice of its intended action. All fees, costs and expenses of the Funding Lender (including, without limitation, reasonable attorneys fees) incurred in taking any action pursuant to this Section 15 shall be the sole responsibility of the Borrower.

Notwithstanding anything contained in this Regulatory Agreement, the Funding Loan Agreement or the Borrower Loan Agreement to the contrary, the occurrence of an Event of Default shall not be deemed, under any circumstances whatsoever, to be a default under the Borrower Loan Documents except as may be otherwise specified in the Borrower Loan Documents.

The Authority may not, upon the occurrence of an event of default under this Regulatory Agreement, seek, in any manner, to foreclose on the Security Instrument, to cause the Funding Lender to redeem the Note, or to declare the principal of the Note and the interest accrued on the Note to be immediately due and payable or to cause the Funding Lender or Servicer to take any action under any of the Funding Loan Documents, or any other documents that action would or could have the effect of achieving any one or more of the actions, events or results described above. The occurrence of an Event of Default shall not impair, defeat or render invalid the lien of the Security Instrument.

The rights of the Funding Lender under this Section are in addition to all rights conferred upon the Funding Lender under the Funding Loan Agreement and the other Funding Loan Documents and in no way limit those rights.

Section 16. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of San Diego and in such other places as the Authority, Funding Lender or Servicer may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 17. Payment of Fees. The Borrower shall pay to the Authority the issuance and annual (ongoing) Authority Fee on the dates and in the amounts set forth in the definition thereof. Notwithstanding any prepayment of the Borrower Loan or any discharge of the Funding Loan Agreement, except as set forth in the following paragraph, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Authority the Authority Fee, and, following the occurrence of an Event of Default, to the Authority, Funding Lender and Servicer reasonable compensation for any services rendered by either of them hereunder and reimbursement for all expenses reasonably incurred by either of them as a result of such Event of Default. The Authority Fee referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Authority's, Funding Lender's or Servicer's enforcement of the provisions of this Regulatory Agreement.

In the event that the Note is prepaid in part or in full prior to the end of the term of this Regulatory Agreement, the Authority Fee for the remainder of the term of this Regulatory Agreement, at the option of the Authority, shall continue to be payable to the Authority for the number of years remaining under the Regulatory Agreement. At the option of the Authority, the Authority Fee shall be paid by the Borrower at the time of the prepayment of the last of the Note and shall be a lump sum amount equal to the present value (based on a discount rate equal to the combined yield on the Note, as determined by the Authority at the time of prepayment) of the Authority Fee, calculated based on the amount of Note outstanding immediately preceding such prepayment, for the number of years remaining in the Qualified Project Period under this Regulatory Agreement.

During any period that the Funding Lender or Servicer or any of their respective agents owns the Project, it shall be responsible to make payments under this Section 17 accruing during such period. Neither the Funding Lender nor Servicer shall be liable for the payment of any compensation or any fees, costs, expenses or penalties otherwise payable for any period of time that it was not or is not the owner of the Project.

Section 18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 19. Amendments. Except as provided in Section 6(a) hereof, this Regulatory Agreement shall be amended (i) only with the prior written consent of the Funding Lender and (ii) by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. The parties hereto acknowledge that for so long as the Note is outstanding, the Funding Lender and the owners of the Note are third party beneficiaries to this Regulatory Agreement. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note.

Section 20. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the third business day following the date on which the same have been mailed by certified mail, return receipt requested and postage prepaid, or electronic mail with an imaged or scanned attachment, such as a PDF, addressed as follows:

If to the Fiscal Agent

MUFG Union Bank, N.A.
120 S. San Pedro Street, 4th Floor
Los Angeles, California 90012
Phone: (213) 972-5675
Facsimile: (213) 972-5694

Email: lorraine.mcintire@unionbank.com
With a copy to: AccountAdministration-CorporateTrust@unionbank.com

If to the Governmental Lender:

Housing Authority of the City of San Diego
1122 Broadway, Suite 300
San Diego, California 92101
Attention: Joe Correia - Real Estate Manager
Phone: (619) 578-7575
Facsimile: (619) 578-7356

With a copy to:

Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Steve Melikian
Phone: 415-391-5780
Facsimile: (415) 276-2088

If to the Borrower:

HDP Broadway, L.P.
c/o Housing Development Partners of San Diego
1335 5th Avenue
San Diego, California 92101
Attention: Michael Pavco
Phone: (619) 630-7050
Email: michaelp@sdhc.org

With a copy to:	Downs Pham & Kuei LLP One Embarcadero Center, Suite 500 San Francisco, California 94111 Attention: Irene C. Kuei Phone: (415) 202-6376 Facsimile: (415) 477-6748
If to the Equity Investor:	Boston Capital Direct Placement, A Limited Partnership c/o Boston Capital Partners One Boston Place, Suite 2100 Boston, Massachusetts 02108 Attention: San Diego Commons Asset Management Phone: (617) 624-8900 Facsimile: (617) 624-8999
With a copy to:	Holland & Knight LLP 10 St. James Avenue Boston, Massachusetts 02116 Attention: Douglas W. Clapp, Esq. Phone: (617) 523-2700 Facsimile: (617) 523-6850
If to the Funding Lender:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, New York 10013 Attention: Transaction Management Group Deal ID# 22960 Facsimile: (212) 723- 8209
And to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Deal ID# 22960 Facsimile: (805) 557-0924
With a copy to:	Berkadia Commercial Mortgage LLC 118 Welsh Road Horsham, Pennsylvania 19044 Attention: Client Relations Manager Deal ID# 22960 Facsimile: (215) 441-7295
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Deal ID# 22960 Facsimile: (646) 291-5754

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Funding Lender.

Section 21. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. Compliance by Borrower. The Funding Lender shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement.

Section 24. General Obligation of Borrower; Limitations on Recourse to Borrower. Except as provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated to pay damages for the breach or default of any obligation of or covenant by any prior owner (including the Borrower) under this Regulatory Agreement. Such obligations are the obligations of the person who was the owner at the time the default or breach was alleged to have occurred, and such owner shall remain liable for any and all damages occasioned thereby even after such person ceases to be the owner of the Project, and no person seeking such damages shall have recourse against the Project.

Section 25. Third-Party Beneficiary. The parties to this Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are essential to the security of the owners of the Note and entered into for their benefit. The Funding Lender, on behalf of the owners of the Note, shall have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Authority, or to cause the Authority to enforce, the terms of this Regulatory Agreement. The Funding Lender is intended to be and shall be a third-party beneficiary of this Regulatory Agreement, and the Funding Lender shall have the right (but not the obligation) to enforce the terms of this Regulatory Agreement insofar as this Regulatory Agreement sets forth obligations of the Borrower.

Section 26. CDLAC Requirements. The acquisition, rehabilitation, equipping and operation of the Project and the financing thereof are and shall be in compliance with the conditions set forth in Appendix A to the CDLAC Resolution, a copy of the initial form of which is attached hereto as Appendix D, which conditions are incorporated herein by reference and are made a part hereof. The Authority shall monitor and enforce the Borrower's compliance with the provisions of this Section 26. The Borrower shall prepare and submit to CDLAC on each anniversary of the Closing Date, and on such other date as is reasonably requested by CDLAC, a Certificate of Compliance in substantially the form attached hereto as Appendix E, executed by an authorized representative of the Borrower. CDLAC shall be a third-party beneficiary of this Regulatory Agreement solely for purposes of enforcing the terms of the CDLAC Resolution. CDLAC shall have the right to enforce the terms of the CDLAC Resolution through an action for specific performance or any other available remedy; provided, however, that CDLAC shall not take any action or enforce any remedy that would be materially adverse to the interests of the owners of the Note or Funding Lender, and any such action or enforcement shall otherwise be

subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

Section 27. Damage, Destruction or Condemnation of the Project. In the event that the Project is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the other Borrower Loan Documents.

IN WITNESS WHEREOF, the Authority and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Deborah N. Ruane,
Senior Vice President of the Real Estate Division of the San Diego Housing Commission

ATTEST:

By: _____
Charles Eshnaur,
Deputy Secretary

[signatures continued on next page]

HDP BROADWAY, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC, a California limited liability company, its Managing General Partner

By: Housing Development Partners of San Diego, a California nonprofit public benefit corporation, its Managing Member

By: _____
Michael Pavco
Executive Director

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF San Diego }

On November 18, 2014 before me, Tina Kessler, Notary Public, personally appeared Deborah N. Ruane, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity(~~ies~~), and that by ~~his~~/her/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

Signature _____

(NOTARY SEAL)

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF San Diego }

On November 21, 2014 before me, Tina Kessler, Notary Public, personally appeared Michael Pavco, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

(NOTARY SEAL)

APPENDIX A

LEGAL DESCRIPTION

The estate or interest in the land described below and which is encumbered is:

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

PARCEL 2:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

APPENDIX B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of HDP Broadway, L.P., a California limited partnership (the "Borrower"), hereby represents and warrants that:

1. The undersigned has read and is familiar with the provisions of the following documents associated with the Borrower's participation in the Housing Authority of the City of San Diego's (the "Authority") Multifamily Housing Revenue Note (San Diego Square Apartments) Series 2014E-1, such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") dated as of November 1, 2014 by and between the Borrower and Authority; and

(b) the Multifamily Note, dated November [__], 2014, from the Borrower to the Authority, representing the Borrower's obligation to repay the Borrower Loan.

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants or Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant or Low Income Tenant vacated such unit:

		1 Bedroom	2 Bedrooms	Total
Occupied by Very Low Income Tenants:	% Unit Nos.:	____	____	____
Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:	% Unit Nos.:	____	____	____
Occupied by Low Income Tenants:	% Unit Nos.:	____	____	____
Held vacant for occupancy continuously since last occupied by a Low Income Tenant:	% Unit Nos.:	____	____	____

3. The Borrower hereby certifies that to the best of its knowledge the Borrower is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

HDP BROADWAY, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC, a California limited liability company, its Managing General Partner

By: Housing Development Partners of San Diego, a California nonprofit public benefit corporation, its Managing Member

By: _____
Michael Pavco
Executive Director

APPENDIX C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: [Address of Apartment Building]

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

1 Name of Members of the Household	2 Relationship to Head of Household	3 Social Security Number	4 Age	5 Place of Employment
	HEAD			
	SPOUSE			

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is $_____.

Included in the total anticipated income listed above are:

(a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;

(d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;

(e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay);

(f) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced form the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;

(g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

(a) Income from employment of children (including foster children) under the age of 18 years;

(b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;

(d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(e) Income of a live-in aide, as defined by 24 CFR §5.403;

(f) The full amount of student financial assistance paid directly to the student or to the educational institution;

(g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(h) (1) Amounts received under training programs funded by the Department of Housing and Urban Development;

(2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(i) Temporary, nonrecurring or sporadic income (including gifts);

(j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(k) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(l) Adoption assistance payments in excess of $480 per adopted child;

(m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

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

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

_____Yes ____No

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

_____Yes ____No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than $5,000?

_____Yes ____No

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

(1) the combined total value of all such assets: $_____;

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

(3) the amount of such income, if any, that was included in item 6 above:

$_____

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

_____Yes ____No

*A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

_____Yes ____No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in

proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

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

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

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

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

_____
Applicant

_____
Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:

a. Enter amount entered for entire household in 6 above: $

b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($_____)

(2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings ($_____), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance ($_____);

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

c. TOTAL ELIGIBLE INCOME (Line 1.a plus line 1.b(3)): $

2. The amount entered in line 1.c:
____ Qualifies the applicant(s) as a Low Income Tenant(s) __ or a Very Low Income Tenant(s) __ [check applicable box, if any]
____ Does not qualify the applicant(s) as a Low Income Tenant(s) __ or a Very Low Income Tenant(s) __ [check applicable box, if any].

3. Number of apartment unit assigned: ____
Bedroom Size ____ Rent: $

4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants __ or Very Low Income Tenants __ [check applicable box].

5. Method used to verify applicant(s) income:
____ Employer income verification.
____ Copies of tax returns.
____ Other (_____)

_____
Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____

Overtime _____

Bonuses _____

Commissions _____

Other Income _____

Total current income _____

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

_____ _____ _____
Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Housing Authority of the City of San Diego Multifamily Housing Revenue Bond Program.

_____ _____
Signature Date

Please send to:

_____
_____
_____

INCOME VERIFICATION
(for self-employed persons)

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

_____ _____

Signature Date

APPENDIX D

CDLAC RESOLUTION

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

BILL LOCKYER, CHAIRMAN
State Treasurer

EDMUND G. BROWN JR.
Governor

JOHN CHIANG
State Controller

EXECUTIVE DIRECTOR

Sean L. Spear

July 16, 2014

Richard Gentry
Executive Director
Housing Authority of the City of San Diego
1122 Broadway, Ste. 300
San Diego, CA 92101

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Mr. Gentry,

Enclosed is a copy of Resolution No. 14-76, adopted by the California Debt Limit Allocation Committee (the "Committee") on July 16, 2014, authorizing the Housing Authority of the City of San Diego to use $14,230,000 of its unused 2012 Carryforward Allocation, and transferring $3,595,000 of the 2014 State Ceiling on Qualified Private Activity Bonds for the San Diego Square Apartments Project.

While your application was for a portion of the 2014 State Ceiling on Qualified Private Activity Bonds, because you had remaining carryforward allocation, the Committee decided to transfer some or all of that allocation to this Project. The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. You are advised to consult bond counsel regarding the making of a carryforward election pursuant to the rules of the Internal Revenue Service.

The following is additional information pertaining to the use of the allocation for this Project:

1. Performance Deposit: Pursuant to Section 5050 of the Committee's Regulations, the performance deposit certified in support of this project ($89,125) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project and the payment of the second installment of the CDLAC filing fee. The full amount of the deposit will be released upon the Committee's approval if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. Reporting of Issuance: Enclosed is a "Report of Action Taken" form to be used to report the issuance of bonds pursuant to Section 9 of the Resolution.

3. IRS Certification: The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

4. Second Installment of Filing Fee: **Enclosed is an invoice for this Project.** Please note that this is a change from past practice where the Committee's invoice for the second installment of the filing fee was sent with the IRS Certification after the Report of Action Taken. The Committee will no longer forward an invoice with the IRS Certification. The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

5. Certification of Compliance: Enclosed is a Certification of Compliance to be submitted to the Committee annually on March 1st of each year on sponsor letterhead pursuant to Section 13 of the Resolution. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification form must be submitted annually on March 1st of each year pursuance to Section 5144 of the CDLAC Regulations. A copy of the form may be found at this website location: http://www.treasurer.ca.gov/cdlac.

Please consult the Committee's Regulations for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,

SEAN L. SPEAR
Executive Director

Enclosures

c: Joseph Correla, Housing Authority of the City of San Diego
Steve Melikian, Esq., Jones Hall, A Professional Law Corporation
Michael Pavco, HDP Broadway, LP

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 14-76

A RESOLUTION TRANSFERRING A PORTION OF THE 2014 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the Housing Authority of the City of San Diego ("Applicant") for the transfer to the Applicant of a portion of the 2014 State Ceiling on Qualified Private Activity Bonds under Section 146 of the internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, previously the Committee transferred to the Applicant a portion of the 2012 State Ceiling on Private Activity Bonds for rental projects on a carryforward basis ("Carryforward Allocation"); and

WHEREAS, to fully utilize the remaining Carryforward Allocation, the Committee must approve its transfer to other projects with the same issuer; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2014 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application and/or to authorize the transfer of remaining Carryforward Allocation to the Projects described in the Application; and

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use $3,595,000 of the 2014 2012 Carryforward for the Project. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, section 10337(c) and section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. The Committee may consent to changes in the terms and conditions set forth in this Resolution as changed circumstances may dictate.

Section 4. Any material changes in the structure of the bond sale structure prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use any Allocation transferred hereby from the 2014 State Ceiling to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer any Allocation or Carryforward Allocation to any governmental unit in the State other than this Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **November 24, 2014.** Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Article 8, Chapter 1 of the Committee's Regulations.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee by facsimile communication to the fax number listed in Section 5140 of the Committee's Regulations that the Allocation has been used. This facsimile notice shall identify the Applicant, the project or program, the date the Allocation and the Carryforward Allocation were used, and the amount of Allocation and Carryforward Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee. Any unused amount of the Carryforward Allocation authorized in Section 1 of the Resolution shall be retained by the Applicant for the period allowed by Section 146.f.3.A. of the Internal Revenue Code regarding carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions, whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to, and the Carryforward Allocation authorized for use by the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution annually on March 1st of each year or when reasonably requested by the Committee.

Section 14. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, SEAN L. SPEAR, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on July 16, 2014 at 11:03 a.m. with the following votes recorded:

AYES:	Mike Paparian for State Treasurer Bill Lockyer Eraina Ortega for Governor Edmund G. Brown Jr. Natalie Sidarous for State Controller John Chiang
NOES:	None
ABSTENTIONS:	None
ABSENCES:	None

SEAN L. SPEAR, Executive Director

Date: July 16, 2014

RESOLUTION NO. 14-76
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

1. Applicant: Housing Authority of the City of San Diego

2. Application No.: 14-077

3. Project Sponsor: HDP Broadway, LP (HDP Broadway Managerment, LLC)

4. Project Management Co.: SK Management

5. Project Name: San Diego Square Apartments

6. Type of Project: Acquisition and Rehabilitation/Senior Citizens

7. Location: San Diego, CA

8. Private Placement Purchaser: Citibank, N.A.

9. The Private Placement Purchaser at the time of issuance will be the same as represented in the application.

10. Total Number of Units: 154 plus 2 manager units

11. Total Number of Restricted Rental Units: 149

12. The term of the income and rental restrictions for the Project will be at least 55 years.

13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable

14. Income and Rental Restrictions:
For the entire term of the income and rental restrictions, the Project will have:

    At least 32 Qualified Residential units rented or held vacant for rental for persons or families whose income is at 50% or below of the Area Median Income.

    At least 117 Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% or below of the Area Median Income.

15. For acquisition and rehabilitation projects, a minimum of $10,000 in hard construction costs will be expended for each Project unit.
Applicable

16. A minimum of $0,000 of public funds will be expended for the Project.
Not Applicable

17. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of $0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing.
Not Applicable

18. If the Project received points for having large family units, for the entire term of the income and rental restrictions, the Project will have at least three-bedroom or larger units.
Not Applicable

19. For a period of ten (10) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.
Not Applicable

20. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents an after school programs of an ongoing nature on-site or there must be an after school program available to Project residents within 1/4 mile of the Project. The programs shall include, but are not limited to: tutoring, mentoring, homework club, and art and recreation activities to be provided weekdays throughout the school year for at least 10 hours per week.
Not Applicable

21. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation and preparation and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/4 mile of the Project.
Not Applicable

22. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/4 mile of the Project.
Not Applicable

23. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/4 mile of the Project. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs, and senior companion programs. Services shall be provided for a minimum of 100 hours per year.
Not Applicable

24. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.)
Not Applicable

25. All projects that receive points for being a Federally Assisted At-Risk Project will renew all Section 8 HAP Contracts or equivalent Project-based subsidies for their full term, and will seek additional renewals, if available, throughout the Project's useful life.
Not Applicable

26. All projects that receive points for being a Federally Assisted At-Risk Project based on an expiring Low Income Housing Tax Credit Regulatory Agreement or Tax-Exempt Bond Regulatory Agreement shall have a plan in place to re-certify the incomes of the existing tenants and shall not cause involuntary displacement of any tenant whose income may exceed the Project's income limits.
Not Applicable

27. Applicants shall meet the multiple sustainable building standards utilizing landscaping and construction materials which are compatible with the neighborhood in which the proposed project is to be located, and that the architectural design and construction materials will provide for low maintenance and durability, as well as be suited to the environmental conditions to which the project will be subjected:
Applicable

Section Waived:

- ☐ Energy Efficiency
- ☐ CALGreen Compliance
- ☐ Landscaping
- ☐ Roofs
- ☐ Exterior Doors
- ☐ Appliances
- ☐ Window Coverings
- ☐ Water Heater
- ☐ Floor Coverings
- ☐ Paint
- ☐ Insulation

28. The project commits to becoming certified under any one of the following programs upon completion:

a. Leadership in Energy & Environmental Design (LEED) **Not Applicable**
b. Green Communities **Not Applicable**
c. GreenPoint Rated Multifamily Guidelines **Not Applicable**

29. The project is a New Construction or Adaptive Reuse Project exceeding the Standards of Title 24, Part 6, of the California Building Code by:
a. 17.5% **Not Applicable**
b. 20% **Not Applicable**
c. 25% **Not Applicable**

30. The Project will exceed the minimum energy efficiency certification requirements for New Construction/ Adaptive Reuse:
a. LEED for Homes (Silver) **Not Applicable**
b. LEED for Homes (Gold) **Not Applicable**
c. Green Point Rated (100) **Not Applicable**
d. Green Point Rated (125) **Not Applicable**

31. The project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the building(s) by:
a. 15% **Not Applicable**
b. 20% **Not Applicable**
c. 25% **Not Applicable**
d. 30% **Not Applicable**

32. The project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:

a. Photovoltaic generation that offsets tenants loads **Not Applicable**
b. Photovoltaic generation that offsets 50% of common area load **Not Applicable**
c. Solar hot water for all tenants who have individual water meters **Not Applicable**

33. The project will implement sustainable building management practices that include: 1) development of a percent-specific maintenance manual including replacement specifications and operating information on all energy and green building features; 2) Certification of building management staff in sustainable building operations per BPI Multifamily Building Operator or equivalent training program; and 3) Undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required:
Not Applicable

34. The project will sub-meter centralized hot water systems for all tenants:
Not Applicable

The following certification must be submitted by the Project Sponsor (on Project Sponsor letterhead) to the Applicant (Issuer) who will then forward it to the California Debt Limit Allocation Committee annually on March 1st (or at such other time as requested by the Committee).

CERTIFICATION OF COMPLIANCE

Project Name: San Diego Square Apartments

(If project has changed name since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: Housing Authority of the City of San Diego

CDLAC Application No.: 14-077

Pursuant to Section 13 of Resolution No. 14-76 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on July 16, 2014, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by attached the applicable thirty party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received point for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

_____ _____

Signature of Officer Date

_____

Printed Name of Officer

_____

Title of Officer

_____

Phone Number

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: July 16, 2014

Invoice No.: FY 14-09
Application No.: 14-077
Analyst Initials: SL

To: Joseph Correia
Real Estate Manager
Housing Authority of the City of San Diego
1122 Broadway, Ste. 300
San Diego, CA 92101

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER: Housing Authority of the City of San Diego

NAME OF PROJECT: San Diego Square Apartments

ALLOCATION AWARD DATE: July 16, 2014

ALLOCATION AWARD AMOUNT: $17,825,000

AMOUNT DUE:

Allocation award x .00035	=	$	6,238.75
Less initial application fee	=	-$	600.00
Amount Due	=	$	5,638.75

Issuer or bond trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: $

AMOUNT OF BOND ALLOCATION USED: $

The application fee is based on the amount of allocation used to issue bonds. Please complete the following *only if* the amount of allocation used is less than the amount of allocation awarded, and remit the *revised* amount due.

REVISED AMOUNT DUE:

Amount issued x .00035	=	$	
Less initial application fee	=	-$	600.00
Revised Amount Due	=	$	

PLEASE WRITE THE CLASSIFICATION NUMBER ON YOUR CHECK OR
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS
BILL LOCKYER, CHAIRMAN
State Treasurer
EDMUND G. BROWN JR.
Governor
JOHN CHIANG
State Controller

EXECUTIVE DIRECTOR
Sean L. Spear

November 13, 2014

Richard Gentry
Executive Director
San Diego Housing Commission
1122 Broadway, Suite 300
San Diego, CA 92101

RE: ALLOCATION ISSUANCE EXTENSION
(San Diego Square Apartments, Application # 14-077)

Dear Mr. Gentry,

On November 12, 2014, we received a letter from Ann Kern requesting an extension to the issuance deadline for the San Diego Square Apartments Project (the "Project"). The purpose of this letter is to approve the requested extension and provide you with a revised deadline.

On July 16, 2014, the California Debt Limit Allocation Committee (CDLAC) assigned the Project a bond issuance deadline of November 24, 2014. Based on the Project's circumstances and in accordance with Article 8 of Chapter 1 of CDLAC Regulations, the Project qualifies for an extension to the issuance deadline to December 10, 2014.

Please note: All other terms and conditions of Resolution #14-76 under which the Allocation was granted, apply.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Sean L. Spear
Executive Director

c: Ann Kern, San Diego Housing Commission
Steve Melikian, Esq., Jones Hall, A Professional Law Corporation
Michael Pavco, HDP Broadway, LP

APPENDIX E

CERTIFICATE OF COMPLIANCE

Project Name: San Diego Square Apartments

Name of Bond Issuer: Housing Authority of the City of San Diego

CDLAC Application No.: 14-077

Pursuant to Section 13 of Resolution No. 14-76, adopted by the California Debt Limit Allocation Committee (the "Committee") on July 16, 2014, including any amendments from time to time thereafter (the "Resolution"), I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the Resolution, which specifies that once the Note is issued, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project received points for exceeding Title 24 by 10% or reducing energy use by 25% (Acquisition and Rehabilitation Projects). I have attached an Energy Performance Certificate approved by the Energy Commission with my first Annual Certification of Compliance.

_____ _____

Signature of Officer Date

_____

Printed Name of Officer

_____

Title of Officer

5

DOC # 2014-0517199

Recording requested by:
CHICAGO TITLE COMPANY

NOV 25, 2014 4:59 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 282.00 WAYS: 3
DA: 1
PAGES: 79

WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction Management Group/Post Closing
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Tanya Jimenez
Deal ID# 22960

Fil
79P
3w 73714004894
534-196-05
760-214-04

**MULTIFAMILY LEASEHOLD DEED OF TRUST,
ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING
(CALIFORNIA)**

ATTENTION COUNTY RECORDER: THIS INSTRUMENT IS INTENDED TO BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 9502 OF THE CALIFORNIA COMMERCIAL CODE. PORTIONS OF THE GOODS COMPRISING A PART OF THE MORTGAGED PROPERTY ARE OR ARE TO BECOME FIXTURES RELATED TO THE LAND DESCRIBED IN EXHIBIT A HERETO. THIS INSTRUMENT IS TO BE FILED FOR RECORD IN THE RECORDS OF THE COUNTY WHERE DEEDS OF TRUST ON REAL PROPERTY ARE RECORDED AND SHOULD BE INDEXED AS BOTH A DEED OF TRUST AND AS A FINANCING STATEMENT COVERING FIXTURES. THE ADDRESSES OF BORROWER (DEBTOR) AND LENDER (SECURED PARTY) ARE SPECIFIED IN THE FIRST PARAGRAPH ON PAGE 1 OF THIS INSTRUMENT.

TABLE OF CONTENTS

Section		Page
1.	DEFINITIONS	2
2.	UNIFORM COMMERCIAL CODE SECURITY AGREEMENT	11
3.	ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION	12
4.	ASSIGNMENT OF LEASES; LEASES AFFECTING THE MORTGAGED PROPERTY	15
5.	PAYMENT OF INDEBTEDNESS; PERFORMANCE UNDER LOAN DOCUMENTS; PREPAYMENT PREMIUM	17
6.	EXCULPATION	17
7.	DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES	17
8.	COLLATERAL AGREEMENTS	18
9.	APPLICATION OF PAYMENTS	18
10.	COMPLIANCE WITH LAWS	19
11.	USE OF PROPERTY	19
12.	PROTECTION OF LENDER'S SECURITY; INSTRUMENT SECURES FUTURE ADVANCES	19
13.	INSPECTION	20
14.	BOOKS AND RECORDS; FINANCIAL REPORTING	21
15.	TAXES; OPERATING EXPENSES	23
16.	LIENS; ENCUMBRANCES	24
17.	PRESERVATION, MANAGEMENT AND MAINTENANCE OF MORTGAGED PROPERTY	24
18.	ENVIRONMENTAL HAZARDS	25
19.	PROPERTY AND LIABILITY INSURANCE	34
20.	CONDEMNATION	38
21.	TRANSFERS OF THE MORTGAGED PROPERTY OR INTERESTS IN BORROWER	39
22.	EVENTS OF DEFAULT	44
23.	REMEDIES CUMULATIVE	46
24.	FORBEARANCE	47
25.	WAIVER OF STATUTE OF LIMITATIONS	47
26.	WAIVER OF MARSHALLING	47
27.	FURTHER ASSURANCES	48
28.	ESTOPPEL CERTIFICATE	48
29.	GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE	48
30.	NOTICE	49
31.	CHANGE IN SERVICER	50
32.	SINGLE ASSET BORROWER	50
33.	SUCCESSORS AND ASSIGNS BOUND	50
34.	JOINT AND SEVERAL LIABILITY	50
35.	RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY	50
36.	SEVERABILITY; AMENDMENTS	51
37.	CONSTRUCTION	51
38.	SERVICER	51

39. DISCLOSURE OF INFORMATION 52
40. NO CHANGE IN FACTS OR CIRCUMSTANCES 52
41. SUBROGATION 52
42. FINANCING STATEMENT 52
43. STATE SPECIFIC PROVISIONS (CALIFORNIA). 53
44. ATTACHED EXHIBITS 58
45. WAIVER OF TRIAL BY JURY S-1

EXHIBITS

EXHIBIT A Description of the Land
EXHIBIT B Modifications to Instrument (Tax Credit Provisions)
EXHIBIT C Financing Statement Information
EXHIBIT D Modifications to Instrument (Ground Lease)
EXHIBIT E Description of Ground Lease

MULTIFAMILY LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (CALIFORNIA)

This **MULTIFAMILY LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING** (this "**Instrument**") is dated for reference purposes only as of the 1st day of November, 2014, but will not be effective and binding on the parties hereto until the Closing Date (as hereinafter defined), by **HDP BROADWAY, L.P.**, a California limited partnership, whose address is c/o Housing Development Partners of San Diego, 1335 5th Avenue, San Diego, California 92101, as grantor ("**Borrower**"), to **CHICAGO TITLE COMPANY**, having an address at 2365 Northside Drive, Suite 600, San Diego, California 92108, as trustee ("**Trustee**") for the benefit of **HOUSING AUTHORITY OF THE CITY OF SAN DIEGO**, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California, whose address is 1122 Broadway, Suite 300, San Diego, California 92101, as beneficiary, and its successors and assigns ("**Lender**"). Borrower's organizational identification number is 201320400012.

The Loan is made and the Indebtedness is evidenced by the Note in the original principal amount of SEVENTEEN MILLION EIGHT HUNDRED TWENTY FIVE THOUSAND AND NO/100 DOLLARS ($17,825,000) maturing on December 1, 2044, or any earlier date on which the unpaid principal balance of the Note becomes due and payable, by acceleration or otherwise (the "**Maturity Date**").

Immediately upon the execution and delivery of the Note, this Instrument and the other Loan Documents, it is contemplated and intended that Lender will assign its rights under the Loan to Citibank, N.A., a national banking association ("**Funding Lender**"), pursuant to that certain Funding Loan Agreement dated as of the date hereof by and between Lender and Funding Lender and that certain Assignment of Deed of Trust and Loan Documents dated as of the date hereof from Lender to Funding Lender.

NOW THEREFORE:

Granting Clause. Borrower, in consideration of the Indebtedness and the trust created by this Instrument, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the Mortgaged Property, including the Land located in the City of San Diego, San Diego County, California, and described in Exhibit A attached to this Instrument, to have and to hold the Mortgaged Property unto Trustee, Trustee's successor in trust and Trustee's assigns forever.

TO SECURE TO LENDER and its successors and assigns the repayment of the Indebtedness evidenced by the Note executed by Borrower and maturing on the Maturity Date, and all renewals, extensions and modifications of the Indebtedness, including, without limitation, the payment of all sums advanced by or on behalf of Lender to protect the security of this Instrument under Section 12 and the performance of the covenants and agreements of Borrower contained in the Loan Documents.

Borrower represents and warrants that Borrower is lawfully seized of the Mortgaged Property and has the right, power and authority to grant, convey and assign the Mortgaged Property, and that the Mortgaged Property is unencumbered except for the Permitted Encumbrances. Borrower covenants that Borrower will warrant and defend generally the title to the Mortgaged Property against all claims and demands, subject to any Permitted Encumbrances.

This Instrument is also a financing statement and a fixture filing under the Uniform Commercial Code of the Property Jurisdiction and the information set forth on Exhibit C is included for that purpose.

Covenants. Borrower and Lender covenant and agree as follows:

1. **DEFINITIONS**. The following terms, when used in this Instrument (including when used in the above recitals), shall have the following meanings:

(a) "**Affiliate**" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person. The term "control" for these purposes means, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

(b) "**Bankruptcy Event**" means any one or more of the following:

(i) (A) the commencement of a voluntary case under one or more of the Insolvency Laws by the Borrower; (B) the acknowledgment in writing by the Borrower 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 the Borrower; (D) the commencement of an involuntary case under one or more Insolvency Laws against the Borrower; or (E) the appointment of a receiver, liquidator, custodian, sequestrator, trustee or other similar officer who exercises control over the Borrower or any substantial part of the assets of the Borrower provided that any proceeding or case under (D) or (E) above is not dismissed within 90 days after filing;

(ii) Any Guarantor or any Affiliate of a Guarantor files an involuntary petition against Borrower under one or more of the Insolvency Laws; or

(iii) Both (A) an involuntary petition under any one or more of the Insolvency Laws is filed against Borrower or Borrower directly or indirectly becomes the subject of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of

any jurisdiction, or in equity, and (B) Borrower or any Affiliate of Borrower has acted in concert or conspired with such creditors of Borrower (other than Lender) to cause the filing thereof with the intent to interfere with enforcement rights of Lender after the occurrence of an Event of Default.

(c) "**Beneficiary Parties**" means Lender, Funding Lender, any Servicer and their respective successors and assigns, together with any lawful owner, holder or pledgee of the Note.

(d) "**Borrower**" means all persons or entities identified as "Borrower" in the first paragraph of this Instrument, together with their successors and assigns.

(e) "**Borrower's Organizational Documents**" means, collectively: (i) the certificate of limited partnership, certificate or articles of formation or certificate or articles of organization of Borrower filed with the Office of the Secretary of State of California on July 22, 2013, as the same may be amended and/or restated from time to time; and (ii) the First Amended and Restated Agreement of Limited Partnership of Borrower dated as of November 1, 2014, as the same may be amended and/or restated from time to time.

(f) "**Business Day**" means any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

(g) "**Closing Date**" has the meaning ascribed thereto in the Loan Agreement.

(h) "**Collateral Agreement**" means any separate agreement between Borrower, Lender, Funding Lender and/or Servicer for the purpose of establishing tax, repair or replacement reserve or escrow accounts for the Mortgaged Property or granting Lender a security interest in any such accounts (including, without limitation, the Replacement Reserve Agreement), or any other agreement or agreements between Borrower, Lender, Funding Lender and/or Servicer which provide for the establishment of any other fund, reserve or account.

(i) "**Collateral Assignments**" means, collectively, (i) the Assignment of Construction Contract dated as of the date hereof by Borrower to Funding Lender and any consents relating thereto, (ii) the Assignment of Architect's Agreement and Plans and Specifications dated as of the date hereof by Borrower to Funding Lender and any consents relating thereto, (iii) the Assignment of Project Documents dated as of the date hereof by Borrower to Funding Lender, (iv) the Assignment of Management Agreement dated as of the date hereof by Borrower and the Manager (as defined therein) to Funding Lender, (v) the Assignment of Equity Investor Capital Contributions, Pledge and Security Agreement dated as of the date hereof by Borrower to Funding Lender, and (vi) the Assignment of Equity Interests, Pledge and Security Agreement dated as of the date

hereof by the General Partner of the Borrower to Funding Lender, (vii) the Assignment and Subordination of Developer Fees, Pledge and Security Agreement dated as of the date hereof by the Assignor (as defined therein) and Borrower to Funding Lender and (viii) the Assignment of Housing Assistance Payments Agreement dated as of the date hereof by Borrower to Funding Lender.

(j) Intentionally Omitted.

(k) Intentionally Omitted.

(l) Intentionally Omitted.

(m) "**Controlling Interest**" means (i) greater than 50% of the ownership interests in an entity, or (ii) a percentage ownership interest in an entity of 50% or less if the owner(s) of that interest actually direct(s) the business and affairs of the entity without requirement of consent of any other party.

(n) **Intentionally Omitted.**

(o) "**Credit Enhancer**" means a government sponsored enterprise that at any time, directly or indirectly, purchases the Loan or provides credit enhancement with respect to the Loan.

(p) "**Credit Enhancer Insurance Standards**" means the insurance standards and requirements set forth in the multifamily underwriting guidelines generated by the Credit Enhancer, as in effect from time to time.

(q) "**Environmental Agreement**" means that certain Agreement of Environmental Indemnification dated as of the date hereof by Borrower and Guarantor for the benefit of Beneficiary Parties.

(r) "**Environmental Permit**" means any permit, license, or other authorization issued under any Hazardous Materials Law with respect to any activities or businesses conducted on or in relation to the Mortgaged Property.

(s) "**Event of Default**" means the occurrence of any event listed in Section 22.

(t) "**Fixtures**" means all property which is so attached to the Land or the Improvements as to constitute a fixture under applicable law, including: machinery, equipment, engines, boilers, incinerators, installed building materials; systems and equipment for the purpose of supplying or distributing heating, cooling, electricity, gas, water, air, or light; antennas, cable, wiring and conduits used in connection with radio, television, security, fire prevention, or fire detection or otherwise used to carry electronic signals; telephone systems and equipment; elevators and related machinery and equipment; fire detection, prevention and extinguishing systems and apparatus; security and access control systems and apparatus; plumbing systems; water heaters, ranges,

stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances; light fixtures, awnings, storm windows and storm doors; pictures, screens, blinds, shades, curtains and curtain rods; mirrors; cabinets, paneling, rugs and floor and wall coverings; fences, trees and plants; swimming pools; and exercise equipment.

(u) "**Governmental Authority**" means any 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 the Mortgaged Property or the use, operation or improvement of the Mortgaged Property.

(v) "**Guarantor**" means, individually and collectively, Housing Development Partners of San Diego, a California nonprofit public benefit corporation, and/or any other person or entity which may hereafter become a guarantor of any of Borrower's obligations under the Loan.

(w) "**Hazardous Materials**" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; radon; Mold; toxic or mycotoxin spores; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance (whether or not naturally occurring) now or in the future that (i) is defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "solid waste", "pesticide", "contaminant," or "pollutant", or otherwise classified as hazardous or toxic by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

(x) "**Hazardous Materials Laws**" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, rule of common law (including, without limitation, nuisance and trespass), consent order, administrative rulings and court judgments and decrees or other government directive in effect now or in the future and including all amendments, that relate to Hazardous Materials or to the protection or conservation of the environment or human health and apply to Borrower or to the Mortgaged Property, including, without limitation, those relating to industrial hygiene, or the use, analysis, generation, manufacture, storage, discharge, release, disposal, transportation, treatment, investigation, or remediation of Hazardous Materials. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101,

et seq., the Superfund Amendments and Reauthorization Act, the Solid Waste Disposal Act, the Clean Air Act, the Occupational Safety and Health Act, and their state analogs.

(y) "**Impositions**" **and** "**Imposition Deposits**" shall have the meanings ascribed thereto in Section 7(a).

(z) "**Improvements**" means the buildings, structures, improvements, and alterations now constructed or at any time in the future constructed or placed upon the Land, including any future replacements and additions.

(aa) "**Indebtedness**" means collectively, the principal of, interest on, and all other amounts due at any time under, the Note, this Instrument or any other Loan Document, including prepayment premiums, late charges, default interest, and advances as provided in Section 12 to protect the security of this Instrument, and any fees or expenses paid by Lender on behalf of Borrower to Lender, or any other party for the Loan or other amounts relating to the Loan Documents which are paid by Lender;

(bb) "**Initial Owners**" means, with respect to Borrower or any other entity, the persons or entities who on the date of the Note, directly or indirectly, own in the aggregate 100% of the ownership interests in Borrower or that entity.

(cc) "**Insolvency Laws**" means the United States Bankruptcy Code, 11 U.S.C. § 101, et seq., together with any other federal or state law affecting debtor and creditor rights or relating to the bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding, as amended from time to time, to the extent applicable to the Borrower.

(dd) "**Land**" means the land described in Exhibit A.

(ee) "**Leases**" means all present and future leases, subleases, licenses, concessions or grants or other possessory interests now or hereafter in force, whether oral or written, covering or affecting the Mortgaged Property, or any portion of the Mortgaged Property (including proprietary leases or occupancy agreements if Borrower is a cooperative housing corporation), and all modifications, extensions or renewals.

(ff) "**Lender**" means the entity identified as "Lender" in the first paragraph of this Instrument, or any subsequent holder of the Note.

(gg) "**Loan**" means the loan made by Lender to Borrower in the original principal amount of the Note, which loan is evidenced by the Note and secured by, among other things, this Instrument.

(hh) "**Loan Agreement**" means that certain Borrower Loan Agreement dated as of the date hereof by and between Borrower and Lender relating to the Loan, as the same may be amended, modified or supplemented from time to time.

(ii) "**Loan Documents**" means collectively, the Loan Agreement, the Note, the Construction Funding Agreement, this Instrument, the Environmental Agreement, all guaranties, all indemnity agreements, all Collateral Agreements, all Collateral Assignments, all O&M Programs, the MMP, and any other documents now or in the future executed by Borrower, any guarantor or any other person in connection with the Loan, as such documents may be amended from time to time.

(jj) "**Material Property Agreements**" means any agreement which, in Lender's sole discretion, acting in good faith, materially affects the Mortgaged Property, the use thereof or otherwise materially affects the rights of Borrower or Beneficiary Parties in, to, and with respect to the Mortgaged Property or the proceeds therefrom, including, without limitation, each of the following (if applicable): (i) any agreement regarding the payment in lieu of taxes ("**PILOT**"), (ii) all covenants, conditions and restrictions, including, without limitation, any declaration subjecting the Mortgaged Property to an association of owners or other community governance, (iii) any agreement regarding the abatement or exemption of real estate taxes, (iv) any easement pursuant to which the Mortgaged Property is granted access to a public right of way, (v) any material lease of all or any portion of the Mortgaged Property, (vi) any operating agreements relating to the Land or the Improvements, and (vii) any regulatory agreements, declarations, land use restriction agreements or similar instruments affecting the Mortgaged Property including the operation or use thereof.

(kk) "**Maturity Date**" has the meaning ascribed thereto in the recitals to this Instrument.

(ll) "**MMP**" means an operations and maintenance plan, moisture management program and/or microbial operations and maintenance program approved by Lender to control water intrusion and prevent the development of Mold or moisture at the Mortgaged Property throughout the term of this Instrument. If required by Lender, the MMP shall contain a provision for (i) staff training, (ii) information to be provided to tenants, (iii) documentation of the plan, (iv) the appropriate protocol for incident response and remediation and (v) routine, scheduled inspections of common space and unit interiors.

(mm) "**Mold**" means mold, fungus, microbial contamination or pathogenic organisms.

(nn) "**Mortgaged Property**" means all of Borrower's present and future right, title and interest in and to all of the following:

(i) the Land;

(ii) the Improvements;

(iii) the Fixtures;

(iv) the Personalty;

(v) all current and future rights, including air rights, development rights, zoning rights and other similar rights or interests, easements, tenements, rights-of-way, strips and gores of land, streets, alleys, roads, sewer rights, waters, watercourses, and appurtenances related to or benefiting the Land or the Improvements, or both, and all rights-of-way, streets, alleys and roads which may have been or may in the future be vacated;

(vi) all proceeds paid or to be paid by any insurer of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, whether or not Borrower obtained the insurance pursuant to Lender's requirements;

(vii) all awards, payments and other compensation made or to be made by any municipal, state or federal authority with respect to the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property, including any awards or settlements resulting from condemnation proceedings or the total or partial taking of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property under the power of eminent domain or otherwise and including any conveyance in lieu thereof;

(viii) all contracts, options and other agreements for the sale of the Land, the Improvements, the Fixtures, the Personalty or any other part of the Mortgaged Property entered into by Borrower now or in the future, including cash or securities deposited to secure performance by parties of their obligations;

(ix) all Rents and Leases;

(x) all earnings, royalties, accounts receivable, issues and profits from the Land, the Improvements or any other part of the Mortgaged Property, whether the foregoing are now due, past due, or to become due, all undisbursed proceeds of the loan secured by this Instrument, deposits forfeited by tenants, and, if Borrower is a cooperative housing corporation, maintenance charges or assessments payable by shareholders or residents;

(xi) all refunds or rebates of Impositions by any municipal, state or federal authority or insurance company (other than refunds applicable to periods before the real property tax year in which this Instrument is dated);

(xii) all tenant security deposits which have not been forfeited by any tenant under any Lease and any bond or other security in lieu of such deposits;

(xiii) all names under or by which any of the above Mortgaged Property may be operated or known, and all trademarks, trade names, and goodwill relating to any of the Mortgaged Property;

(xiv) all documents, writings, books, files, records and other documents arising from or relating to any of the foregoing, whether now existing or hereafter created; and

(xv) all proceeds from the conversion, voluntary or involuntary, of any of the above into cash or liquidated claims, and the right to collect such proceeds, and all other cash and non-cash proceeds and products of any of the foregoing.

(oo) "**Note**" means that certain Multifamily Note dated the Closing Date, executed and delivered by the Borrower, payable to Lender in the original principal amount of the Loan set forth in the recitals to this Instrument, including all schedules, riders, allonges and addenda, as the same may be amended, modified, or supplemented from time to time.

(pp) "**O&M Program**" has the meaning ascribed thereto in Section 18(d).

(qq) **Intentionally Omitted.**

(rr) "**Permitted Encumbrances**" means any easements, encumbrances or restrictions listed on the schedule of exceptions in the title insurance policy issued to Lender as of the date of recordation of this Instrument insuring Lender's interest in the Mortgaged Property, together with the Subordinate Debt, if applicable.

(ss) "**Permitted Transfer**" has the meaning ascribed thereto in Section 21(b).

(tt) "**Person**" shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

(uu) "**Personalty**" means all:

(i) accounts (including deposit accounts) of Borrower related to the Mortgaged Property;

(ii) Imposition Deposits;

(iii) equipment, goods, supplies and inventory owned by Borrower that are used now or in the future in connection with the ownership, management or operation of the Land or the Improvements or are located on the Land or in the Improvements (other than Fixtures), including furniture, furnishings, machinery, building materials, tools, books, records (whether in written or electronic form), computer equipment (hardware and software);

(iv) other tangible personal property owned by Borrower which are used now or in the future in connection with the ownership, management or operation of the Land or Improvements or are located on the Land or in the Improvements (other than Fixtures), including ranges, stoves, microwave ovens, refrigerators, dishwashers, garbage disposers, washers, dryers and other appliances;

(v) any operating agreements relating to the Land or the Improvements;

(vi) any surveys, plans and specifications and contracts for architectural, engineering and construction services relating to the Land or the Improvements;

(vii) documents, instruments, chattel paper, claims, deposits, deposit accounts, payment intangibles, other intangible property, general intangibles, 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 and including subsidy or similar payments received from any sources, including a governmental authority; and

(viii) any rights of Borrower in or under letters of credit.

(vv) "**Project**" means that existing 156-unit multifamily project for seniors known as San Diego Square Apartments and located in San Diego, San Diego County, California.

(ww) "**Property Jurisdiction**" means the State of California.

(xx) "**Regulatory Agreement**" means the Regulatory Agreement and Declaration of Restrictive Covenants entered into or to be entered into by and between the Governmental Lender and the Borrower, regulating or restricting the use or manner of operation of the Mortgaged Property and containing requirements that specified percentages of the dwelling units in the Mortgaged Property be occupied by tenants whose incomes are below specified levels.

(yy) "**Rents**" means all rents (whether from residential or non-residential space), revenues and other income of the Land or the Improvements, including subsidy payments received from any sources (including, but not limited to payments under any Housing Assistance Payments Contract or similar agreements), parking fees, laundry and vending machine income and fees and charges for food, health care and other services provided at the Mortgaged Property, whether now due, past due, or to become due, and deposits forfeited by tenants.

(zz) "**Replacement Reserve Agreement**" means that certain Replacement Reserve Agreement dated as of the date hereof by and between Borrower and Lender.

(aaa) "**Servicer**" means the servicing party that is designated by Lender to service the Loan, together with its successors in such capacity.

(bbb) "**Subordinate Debt**" has the meaning ascribed to that term in the Loan Agreement.

(ccc) "**Taxes**" means, collectively, all taxes, assessments, vault rentals and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, which are levied, assessed or imposed by any public authority or quasi-public authority, and which, if not paid, will become a lien, on the Land or the Improvements.

(ddd) "**Transfer**" means (i) a sale, assignment, transfer, or other disposition (whether voluntary, involuntary or by operation of law); (ii) the grant, creation, or attachment of a lien, encumbrance, or security interest (whether voluntary, involuntary or by operation of law); (iii) the issuance or other creation of a direct or indirect ownership interest; or (iv) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity.

(eee) "**United States Bankruptcy Code**" means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., as amended from time to time.

2. **UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.**

(a) This Instrument is also a security agreement under the Uniform Commercial Code for any of the Mortgaged Property which, under applicable law, may be subjected to a security interest under the Uniform Commercial Code, whether such Mortgaged Property is owned now or acquired in the future, and all products and cash and non-cash proceeds thereof (collectively, "**UCC Collateral**"), and Borrower hereby grants to Lender a security interest in the UCC Collateral. Borrower hereby authorizes Lender to prepare and file any and all financing statements, continuation statements and financing statement amendments, in such form as Lender may require to perfect or continue the perfection of this security interest without execution by Borrower. Borrower shall pay all filing costs and all costs and expenses of any record searches for financing statements and/or amendments that Lender may require. Without the prior written

consent of Lender, Borrower shall not create or permit to exist any other lien or security interest in any of the UCC Collateral. If an Event of Default has occurred and is continuing, Lender shall have the remedies of a secured party under the Uniform Commercial Code, in addition to all remedies provided by this Instrument or existing under applicable law. In exercising any remedies, Lender may exercise its remedies against the UCC Collateral separately or together, and in any order, without in any way affecting the availability of Lender's other remedies. This Instrument constitutes a financing statement with respect to any part of the Mortgaged Property which is or may become a Fixture.

(b) Unless Borrower gives at least thirty (30) days' prior written notice to Lender and subject to Section 21 hereof, Borrower shall not: (i) change its name, identity, or structure of organization; (ii) change its state of organization through dissolution, merger, transfer of assets or otherwise; (iii) change its principal place of business (or chief executive office if more than one place of business); or (iv) add to or change any location at which any of the Mortgaged Property is stored, held or located. Such notice shall be accompanied by new financing statements and/or financing statement amendments in the same form as the financing statements delivered to Lender on the date hereof. Without limiting the foregoing, Borrower hereby authorizes and irrevocably appoints Lender and each of its officers attorneys-in-fact for Borrower to execute, deliver, and file, as applicable, such financing statements, continuation statements or amendments deemed necessary by Lender in its sole discretion for and on behalf of Borrower, without execution by Borrower. Borrower shall also execute and deliver to Lender modifications or supplements of this Instrument as Lender may require in connection with any change described in this Section.

3. **ASSIGNMENT OF RENTS; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.**

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all Rents. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all Rents and to authorize and empower Lender to collect and receive all Rents without the necessity of further action on the part of Borrower. Promptly upon request by Lender, Borrower agrees to execute and deliver such further assignments of Rents as Lender may from time to time require. Borrower and Lender intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of Rents, and for no other purpose, Rents shall not be deemed to be a part of the Mortgaged Property. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the Property Jurisdiction, then the Rents shall be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on Rents in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) Borrower authorizes Lender to collect, sue for and compromise Rents and directs each tenant of the Mortgaged Property to pay all Rents to, or as directed by, Lender. However, until the occurrence of an Event of Default, Lender hereby grants to Borrower a revocable license to collect and receive all Rents, to hold all Rents in trust for the benefit of Lender and to apply all Rents to pay the installments of interest and principal then due and payable under the Note and the other amounts then due and payable under the other Loan Documents, including Imposition Deposits, and to pay the current costs and expenses of managing, operating and maintaining the Mortgaged Property, including utilities, Taxes and insurance premiums (to the extent not included in Imposition Deposits), tenant improvements and other capital expenditures. So long as no Event of Default has occurred and is continuing, the Rents remaining after application pursuant to the preceding sentence may be retained by Borrower free and clear of, and released from, Lender's rights with respect to Rents under this Instrument. Upon the occurrence of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, or by a receiver, Borrower's license to collect Rents shall automatically terminate and Lender shall without notice be entitled to all Rents as they become due and payable, including Rents then due and unpaid (such license shall be reinstated upon Borrower's cure of the Event of Default to the satisfaction of Lender). Borrower shall pay to Lender upon demand all Rents to which Lender is entitled. At any time on or after the occurrence of an Event of Default, Lender may give, and Borrower hereby irrevocably authorizes Lender to give, notice to all tenants of the Mortgaged Property instructing them to pay all Rents to Lender, no tenant shall be obligated to inquire further as to the right of Lender to collect, and no tenant shall be obligated to pay to Borrower any amounts which are actually paid to Lender in response to such a notice. Any such notice by Lender shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Borrower shall not interfere with and shall cooperate with Lender's collection of such Rents.

(c) Borrower represents and warrants to Lender that Borrower has not executed any prior assignment of Rents (other than an assignment of Rents securing indebtedness that will be paid off and discharged with the proceeds of the Loan or in connection with the Subordinate Debt), that Borrower has not performed, and Borrower covenants and agrees that it will not perform, any acts and has not executed, and shall not execute, any instrument which would prevent Lender from exercising its rights under this Section 3, and that at the time of execution of this Instrument there has been no anticipation or prepayment of any Rents for more than two months prior to the due dates of such Rents (other than a security deposit not in excess of one month's rent). Borrower shall not collect or accept payment of any Rents more than two months prior to the due dates of such Rents (other than a security deposit not in excess of one month's rent).

(d) If an Event of Default has occurred and is continuing, Lender may, but shall in no event be required, regardless of the adequacy of Lender's security or the solvency of Borrower and even in the absence of waste, enter upon and take and maintain full control of the Mortgaged Property in order to perform all acts that Lender in its discretion determines to be necessary or desirable for the operation and maintenance of

the Mortgaged Property, including the execution, cancellation or modification of Leases, the collection of all Rents, the making of repairs to the Mortgaged Property and the execution or termination of contracts providing for the management, operation or maintenance of the Mortgaged Property, for the purposes of enforcing the assignment of Rents pursuant to Section 3(a), protecting the Mortgaged Property or the security of this Instrument, or for such other purposes as Lender in its discretion may deem necessary or desirable. Alternatively, if an Event of Default has occurred and is continuing, regardless of the adequacy of Lender's security, without regard to Borrower's solvency and without the necessity of giving prior notice (oral or written) to Borrower, Lender may apply to any court having jurisdiction for the appointment of a receiver for the Mortgaged Property to take any or all of the actions set forth in the preceding sentence. If Lender elects to seek the appointment of a receiver for the Mortgaged Property at any time after an Event of Default has occurred and is continuing, Borrower, by its execution of this Instrument, expressly consents to the appointment of such receiver, including the appointment of a receiver ex parte if permitted by applicable law. Lender or the receiver, as the case may be, shall be entitled to receive a reasonable fee for managing the Mortgaged Property. Immediately upon appointment of a receiver or immediately upon Lender's entering upon and taking possession and control of the Mortgaged Property, Borrower shall surrender possession of the Mortgaged Property to Lender or the receiver, as the case may be, and shall deliver to Lender or the receiver, as the case may be, all documents, records (including records on electronic or magnetic media), accounts, surveys, plans, and specifications relating to the Mortgaged Property and all security deposits and prepaid Rents. In the event Lender takes possession and control of the Mortgaged Property, Lender may exclude Borrower and its representatives from the Mortgaged Property. Borrower acknowledges and agrees that the exercise by Lender of any of the rights conferred under this Section 3 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and Improvements.

(e) If Lender enters the Mortgaged Property, Lender shall be liable to account only to Borrower and only for those Rents actually received. Lender shall not be liable to Borrower, anyone claiming under or through Borrower or anyone having an interest in the Mortgaged Property, by reason of any act or omission of Lender under this Section 3, and Borrower hereby releases and discharges Lender from any such liability to the fullest extent permitted by law, except for the gross negligence or willful misconduct of Lender or its agents.

(f) If the Rents are not sufficient to meet the costs of taking control of and managing the Mortgaged Property and collecting the Rents, any funds expended by Lender for such purposes shall become an additional part of the Indebtedness as provided in Section 12.

(g) Any entering upon and taking of control of the Mortgaged Property by Lender or the receiver, as the case may be, and any application of Rents as provided in this Instrument shall not cure or waive any Event of Default or invalidate any other right or remedy of Lender under applicable law or provided for in this Instrument.

4. **ASSIGNMENT OF LEASES; LEASES AFFECTING THE MORTGAGED PROPERTY.**

(a) As part of the consideration for the Indebtedness, Borrower absolutely and unconditionally assigns and transfers to Lender all of Borrower's right, title and interest in, to and under the Leases, including Borrower's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease. It is the intention of Borrower to establish a present, absolute and irrevocable transfer and assignment to Lender of all of Borrower's right, title and interest in, to and under the Leases. Borrower and Lender intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases shall not be deemed to be a part of the "**Mortgaged Property**" as that term is defined in Section 1. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the Property Jurisdiction, then the Leases shall be included as a part of the Mortgaged Property and it is the intention of Borrower that in this circumstance this Instrument create and perfect a lien on the Leases in favor of Lender, which lien shall be effective as of the date of this Instrument.

(b) Unless an Event of Default has occurred and is continuing, Borrower shall have all rights, power and authority granted to Borrower under any Lease (except as otherwise limited by this Section or any other provision of this Instrument), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. During the continuance of an Event of Default, the permission given to Borrower pursuant to the preceding sentence to exercise all rights, power and authority under Leases shall automatically terminate. Borrower shall comply with and observe Borrower's obligations under all Leases, including Borrower's obligations pertaining to the maintenance and disposition of tenant security deposits.

(c) Borrower acknowledges and agrees that the exercise by Lender, either directly or by a receiver, of any of the rights conferred under this Section 4 shall not be construed to make Lender a mortgagee-in-possession of the Mortgaged Property so long as Lender has not itself entered into actual possession of the Land and the Improvements. The acceptance by Lender of the assignment of the Leases pursuant to Section 4(a) shall not at any time or in any event obligate Lender to take any action under this Instrument or to expend any money or to incur any expenses. Lender shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Mortgaged Property, except to the extent arising from the gross negligence or willful misconduct of Lender. Prior to Lender's actual entry into and taking possession of the Mortgaged Property, Lender shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to the Lease or the Mortgaged Property; or (iii) be responsible for the operation, control, care, management or repair of the Mortgaged Property or any portion of the Mortgaged Property. The execution of this Instrument by Borrower shall

constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Mortgaged Property is and shall be that of Borrower, prior to such actual entry and taking of possession.

(d) Upon delivery of notice by Lender to Borrower of Lender's exercise of Lender's rights under this Section 4 at any time during the continuance of an Event of Default, and without the necessity of Lender entering upon and taking and maintaining control of the Mortgaged Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the Property Jurisdiction, Lender immediately shall have all rights, powers and authority granted to Borrower under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

(e) Borrower shall, promptly upon Lender's request, deliver to Lender an executed copy of each residential Lease then in effect. All Leases for residential dwelling units shall (i) be on forms approved by Lender, (ii) be for initial terms of at least six (6) months and not more than two (2) years, (iii) not include options to purchase, (iv) be legally valid, binding, and enforceable obligations of the tenants, (v) contain language expressly stating that such Lease is subordinate to the lien of this Instrument and (vi) comply with all applicable laws.

(f) Except for laundry facilities and cable television services for tenants on market terms and conditions, Borrower shall not lease any portion of the Mortgaged Property for non-residential use except with the prior written consent of Lender and Lender's prior written approval of the Lease agreement. Borrower shall not modify the terms of, or extend or terminate, any Lease for non-residential use (including any Lease in existence on the date of this Instrument) without the prior written consent of Lender. Borrower shall, without request by Lender, deliver an executed copy of each non-residential Lease to Lender promptly after such Lease is signed. All non-residential Leases, including renewals or extensions of existing Leases, shall specifically provide that (i) such Leases are subordinate to the lien of this Instrument; (ii) the tenant shall attorn to Lender and any purchaser at a foreclosure sale, such attornment to be self-executing and effective upon acquisition of title to the Mortgaged Property by any purchaser at a foreclosure sale or by Lender in any manner; (iii) the tenant agrees to execute such further evidences of attornment as Lender or any purchaser at a foreclosure sale may from time to time request; (iv) the Lease shall not be terminated by foreclosure or any other transfer of the Mortgaged Property; (v) after a foreclosure sale of the Mortgaged Property, Lender or any other purchaser at such foreclosure sale may, at Lender's or such purchaser's option, accept or terminate such Lease; and (vi) the tenant shall, upon receipt after the occurrence of an Event of Default of a written request from Lender, pay all Rents payable under the Lease to Lender.

(g) Borrower shall not receive or accept Rent under any Lease (whether residential or non-residential) for more than two months in advance (other than a security deposit not in excess of one month's rent).

5. **PAYMENT OF INDEBTEDNESS; PERFORMANCE UNDER LOAN DOCUMENTS; PREPAYMENT PREMIUM.** Borrower shall pay the Indebtedness when due in accordance with the terms of the Note and the other Loan Documents and shall perform, observe and comply with all other provisions of the Note and the other Loan Documents. Borrower shall pay a prepayment premium in connection with certain prepayments of the Indebtedness, including a payment made after Lender's exercise of any right of acceleration of the Indebtedness, as provided in the Note.

6. **EXCULPATION.** The personal liability of Borrower for payment of the Note and for performance of the other obligations to be performed by Borrower under this Instrument is limited in the manner, and to the extent, provided in the Note.

7. **DEPOSITS FOR TAXES, INSURANCE AND OTHER CHARGES.**

(a) Borrower shall deposit with Lender on the day monthly installments of principal or interest, or both, are due under the Note (or on another day designated in writing by Lender), until the Indebtedness is paid in full, an additional amount sufficient to accumulate with Lender the entire sum required to pay, when due (i) any water and sewer charges which, if not paid, may result in a lien on all or any part of the Mortgaged Property, (ii) the premiums for fire and other hazard insurance, rental loss insurance and such other insurance as Lender may require under Section 19, (iii) Taxes, and (iv) amounts for other charges and expenses which Lender at any time reasonably deems necessary to protect the Mortgaged Property, to prevent the imposition of liens on the Mortgaged Property, or otherwise to protect Lender's interests, all as reasonably estimated from time to time by Lender, plus one-twelfth of such estimate, if required by Lender. The amounts deposited under the preceding sentence are collectively referred to in this Instrument as the "**Imposition Deposits**". The obligations of Borrower for which the Imposition Deposits are required are collectively referred to in this Instrument as "**Impositions**". The amount of the Imposition Deposits shall be sufficient 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. Lender shall maintain records indicating how much of the monthly Imposition Deposits and how much of the aggregate Imposition Deposits held by Lender are held for the purpose of paying Taxes, insurance premiums and each other Imposition.

(b) 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. 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. Lender shall apply the Imposition Deposits to pay Impositions so long as no Event of Default has occurred and is continuing. Unless applicable law requires, Lender shall not be required to pay Borrower any interest, earnings or profits on the Imposition Deposits. As additional security for all of Borrower's obligations under this Instrument and the other Loan Documents, Borrower hereby pledges and grants to Lender a security interest in the Imposition Deposits and all proceeds of and all interest and dividends on the

Imposition Deposits. Any amounts deposited with Lender under this Section 7 shall not be trust funds, nor shall they operate to reduce the Indebtedness, unless applied by Lender for that purpose under Section 7(e).

(c) If Lender receives a bill or invoice for an Imposition, Lender shall pay the Imposition from the Imposition Deposits held by Lender. Lender shall have no obligation to pay any Imposition to the extent it exceeds Imposition Deposits then held by Lender. 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.

(d) If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition exceeds the amount deemed necessary by Lender, plus one twelfth of such estimate if required by Lender, the excess shall be credited against future installments of Imposition Deposits. If at any time the amount of the Imposition Deposits held by Lender for payment of a specific Imposition is less than the amount estimated by Lender to be necessary, plus one twelfth of such estimate if required by Lender, Borrower shall pay to Lender the amount of the deficiency within 15 days after notice from Lender.

(e) If an Event of Default has occurred and is continuing, Lender may apply any Imposition Deposits, in any amounts and in any order as Lender determines, in Lender's discretion, to pay any Impositions or as a credit against the Indebtedness. Upon payment in full of the Indebtedness, Lender shall refund to Borrower any Imposition Deposits held by Lender.

(f) If Lender does not collect an Imposition Deposit pursuant to a separate written waiver by Lender, then on or before the date each such Imposition is due, or on the date this Instrument requires each such Imposition to be paid, Borrower shall, if required by Lender, provide Lender with proof of payment of each such Imposition for which Lender does not require collection of Imposition Deposits. Lender may, at any time and in Lender's discretion, revoke its deferral or waiver and require Borrower to deposit with Lender any or all of the Imposition Deposits listed in this Section 7.

8. **COLLATERAL AGREEMENTS.** Borrower shall deposit with Lender such amounts as may be required by the Loan Agreement and any Collateral Agreement and shall perform all other obligations of Borrower under the Loan Agreement and each Collateral Agreement.

9. **APPLICATION OF PAYMENTS.** If at any time Lender receives, from Borrower or otherwise, any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, then Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Lender, in Lender's discretion. Neither Lender's acceptance of an amount that is less than all amounts then due and payable nor Lender's application of such payment in the manner authorized 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 Instrument and the Note shall remain unchanged.

10. **COMPLIANCE WITH LAWS.** Borrower shall comply with all laws, ordinances, regulations and requirements of any Governmental Authority and all recorded lawful covenants and agreements relating to or affecting the Mortgaged Property, including all laws, ordinances, regulations, requirements and covenants pertaining to health and safety, construction of improvements on the Mortgaged Property, fair housing, disability accommodation, zoning and land use, and Leases. Borrower also shall comply with all applicable laws that pertain to the maintenance and disposition of tenant security deposits. Borrower shall at all times maintain records sufficient to demonstrate compliance with the provisions of this Section 10. Borrower shall take appropriate measures to prevent, and shall not engage in or knowingly permit, 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 Mortgaged Property, or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property. Borrower represents and warrants to Lender that no portion of the Mortgaged Property has been or will be purchased with the proceeds of any illegal activity.

11. **USE OF PROPERTY.** Unless required by applicable law, Borrower shall not (a) allow changes in the use for which all or any part of the Mortgaged Property is being used at the time this Instrument was executed, except for any change in use approved by Lender, (b) convert any individual dwelling units or common areas to commercial use, (c) initiate a change in the zoning classification of the Mortgaged Property or acquiesce in a change in the zoning classification of the Mortgaged Property, (d) establish any condominium or cooperative regime with respect to the Mortgaged Property; (e) combine all or any part of the Mortgaged Property with all or any part of a tax parcel which is not part of the Mortgaged Property, or (f) subdivide or otherwise split any tax parcel constituting all or any part of the Mortgaged Property without the prior consent of Lender.

12. **PROTECTION OF LENDER'S SECURITY; INSTRUMENT SECURES FUTURE ADVANCES.**

(a) If Borrower fails to perform any of its obligations under this Instrument or any other Loan Document after the expiration of any applicable notice and cure period, or if any action or proceeding (including a Bankruptcy Event) is commenced which purports to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument, including eminent domain, insolvency, code enforcement, civil or criminal forfeiture, enforcement of Hazardous Materials Laws, fraudulent conveyance or reorganizations or proceedings involving a bankrupt or decedent, then Lender at Lender's option may make such appearances, file such documents, disburse such sums and take such actions as Lender deems necessary to perform such obligations of Borrower and to protect Lender's interest, including (i) payment of fees, expenses and reasonable fees of attorneys, accountants, inspectors and consultants, (ii) entry upon the Mortgaged Property to make repairs or secure the Mortgaged Property, (iii) procurement of the insurance required by Section 19 (specifically including, without limitation, flood insurance if

required by Section 19), and (iv) payment of amounts which Borrower has failed to pay under Sections 15 and 17.

(b) Any amounts disbursed by Lender under this Section 12, or under any other provision of this Instrument that treats such disbursement as being made under this Section 12, shall be secured by this Instrument, shall be added to, and become part of, the principal component of the Indebtedness, shall be immediately due and payable and shall bear interest from the date of disbursement until paid at the "**Default Rate**", as defined in the Note.

(c) If the Lender shall elect to pay any sum due with reference to the Project or the Mortgaged Property, the Lender may do so in reliance on any bill, statement or assessment procured from the appropriate Governmental Authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by this Instrument and/or the other Loan Documents, the Lender shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same.

(d) Nothing in this Section 12 shall require Lender to incur any expense or take any action.

13. **INSPECTION.**

(a) Lender and its agents, representatives, and designees may make or cause to be made entries upon and inspections of the Mortgaged Property (including environmental inspections and tests to the extent permitted under Section 18) during normal business hours, or at any other reasonable time, upon reasonable notice to Borrower (which notice need not be in writing). Notice to Borrower shall not be required in the case of an emergency, as determined in Lender's discretion, or when an Event of Default has occurred and is continuing.

(b) If Lender determines that Mold has developed as a result of a water intrusion event or leak, Lender, at Lender's discretion, may require that a professional inspector inspect the Mortgaged Property as frequently as Lender determines is necessary until any issue with Mold and its cause(s) are resolved to Lender's satisfaction. Such inspection shall be limited to a visual and olfactory inspection of the area that has experienced the Mold, water intrusion event or leak. Borrower shall be responsible for the cost of such professional inspection and any remediation deemed to be necessary as a result of the professional inspection. After any issue with Mold, water intrusion or leaks is remedied to Lender's satisfaction, Lender shall not require a professional inspection any more frequently than once every three years unless Lender is otherwise aware of Mold as a result of a subsequent water intrusion event or leak.

(c) If Lender determines not to conduct an annual inspection of the Mortgaged Property, and in lieu thereof Lender requests a certification, Borrower shall be

prepared to provide and must actually provide to Lender a factually correct certification each year that the annual inspection is waived to the following effect: that Borrower represents and warrants that Borrower has not received any written complaint, notice, letter or other written communication from tenants, management agent or governmental authorities regarding odors, indoor air quality, Mold or any activity, condition, event or omission that causes or facilitates the growth of Mold on or in any part of the Mortgaged Property, or if Borrower has received any such written complaint, notice, letter or other written communication, that Borrower has investigated and determined that no Mold activity, condition or event exists or alternatively has fully and properly remediated such activity, condition, event or omission in compliance with the MMP for the Mortgaged Property. If Borrower is unwilling or unable to provide such certification, Lender may require a professional inspection of the Mortgaged Property at Borrower's expense.

14. BOOKS AND RECORDS; FINANCIAL REPORTING.

(a) Borrower shall keep and maintain at all times at the Mortgaged Property or the management agent's offices, and upon Lender's request shall make available at the Mortgaged Property, 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 copies of all written contracts, Leases, and other instruments which affect the Mortgaged Property. The books, records, contracts, Leases and other instruments shall be subject to examination and inspection at any reasonable time by Lender upon reasonable advance oral notice.

(b) Borrower shall furnish to Lender all of the following:

(i) (1) except as provided in clause (2) below, within 45 days after the end of each fiscal quarter of Borrower, 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 fiscal quarter, (2) within 120 days after the end of each fiscal year of Borrower, (A) a statement of income and expenses for Borrower's operation of the Mortgaged Property for such fiscal year, (B) a statement of changes in financial position of Borrower relating to the Mortgaged Property for such fiscal year, and (C) when requested by Lender, a balance sheet showing all assets and liabilities of Borrower relating to the Mortgaged Property as of the end of such fiscal year; and (3) any of the foregoing at any other time upon Lender's request;

(ii) Within 45 days after the end of each fiscal year of Borrower, and at any other time upon Lender's 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;

(iii) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Lender's request, 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;

(iv) within 120 days after the end of each fiscal year of Borrower, and at any other time upon Lender's request, a statement that identifies all owners of any interest in Borrower and the interest held by each, if Borrower is a corporation, all officers and directors of Borrower, and if Borrower is a limited liability company, all managers who are not members and if Borrower is a limited partnership, all general partners;

(v) upon Lender's request, a monthly property management report for the Mortgaged Property, showing the number of inquiries made and rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Lender;

(vi) upon Lender's request, a balance sheet, a statement of income and expenses for Borrower and a statement of changes in financial position of Borrower for Borrower's most recent fiscal year;

(vii) annually, if applicable, within 60 days of the date required for submission by the agency in the Property Jurisdiction responsible for monitoring the low income housing tax credit program, a low income housing tax credit compliance report in form and substance acceptable to Lender; and

(viii) if required by Lender, within 30 days of the end of each calendar month, a monthly statement of income and expenses for such calendar month on a year-to-date basis for Borrower's operation of the Mortgaged Property.

(c) Each of the statements, schedules and reports required by Section 14(b) shall be certified to be complete and accurate by an individual having authority to bind Borrower and shall be in such form and contain such detail as Lender may require. Lender also may require that any statements, schedules or reports be audited at Borrower's expense by independent certified public accountants acceptable to Lender.

(d) If Borrower fails to provide in a timely manner the statements, schedules and reports required by Section 14(b), Lender shall have the right to have Borrower's

books and records audited, at Borrower's expense, by independent certified public accountants selected by Lender in order to obtain such statements, schedules and reports, and all related costs and expenses of Lender shall become immediately due and payable and shall become an additional part of the Indebtedness as provided in Section 12.

(e) 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.

(f) Borrower authorizes Lender to obtain a credit report on Borrower at any time.

15. TAXES; OPERATING EXPENSES.

(a) Subject to the provisions of Section 15(c) and Section 15(d), Borrower shall pay, or cause to be paid, all Taxes when due and before the imposition of any interest, fine, penalty or cost for nonpayment.

(b) Subject to the provisions of Section 15(c), Borrower shall pay (i) 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, and (ii) insurance premiums at least 30 days prior to the expiration date of each policy of insurance, unless applicable law specifies some lesser period.

(c) If Lender is collecting Imposition Deposits, and to the extent that Lender holds sufficient Imposition Deposits for the purpose of paying a specific Imposition, then Borrower shall not be obligated to pay such Imposition, so long as no Event of Default exists and Borrower has timely delivered to Lender any bills or premium notices that it has received. If an Event of Default exists, Lender may exercise any rights Lender may have with respect to Imposition Deposits without regard to whether Impositions are then due and payable. Lender shall have no liability to Borrower for failing to pay any Impositions to the extent that any Event of Default has occurred and is continuing, insufficient Imposition Deposits are held by Lender at the time an Imposition becomes due and payable or Borrower has failed to provide Lender with bills and premium notices as provided above.

(d) Borrower, at its own expense, may contest by appropriate legal proceedings, conducted diligently and in good faith, the amount or validity of any Imposition other than insurance premiums, if (i) Borrower notifies Lender of the commencement or expected commencement of such proceedings, (ii) the Mortgaged Property is not in danger of being sold or forfeited, (iii) Borrower deposits with Lender reserves sufficient to pay the contested Imposition, if requested by Lender, and (iv) Borrower furnishes whatever additional security is required in the proceedings or is requested by Lender, which may include the delivery to Lender of the reserves established by Borrower to pay the contested Imposition.

(e) Borrower shall promptly deliver to Lender copies of all notices of, and invoices for, Impositions, and if Borrower pays any Imposition directly, Borrower shall promptly furnish to Lender on or before the date this Instrument requires such Impositions to be paid, copies of receipts evidencing that such payments were made.

(f) All payments made by Borrower to Lender pursuant to this Instrument or any of the Loan Documents shall be free and clear of any and all tax liabilities whatsoever (other than United States federal income taxation payable by Lender) and, to the extent Lender is required to pay any such tax liabilities, Borrower shall reimburse Lender in respect of any such payment of taxes and, immediately upon request from Lender, shall deliver to Lender copies of receipts evidencing the payment of such taxes.

16. **LIENS; ENCUMBRANCES.** Borrower acknowledges that, to the extent provided in Section 21, the grant, creation or existence of any mortgage, deed of trust, deed to secure debt, security interest or other lien or encumbrance (a "**Lien**") on the Mortgaged Property (other than the lien of this Instrument and the Permitted Encumbrances) or on certain ownership interests in Borrower, whether voluntary, involuntary or by operation of law, and whether or not such Lien has priority over the lien of this Instrument, is a "**Transfer**" which constitutes an Event of Default and subjects Borrower to personal liability under the Note. Borrower shall maintain the lien created by this Instrument as a first mortgage lien upon the Mortgaged Property, subject to no other Liens or encumbrances other than Permitted Encumbrances.

17. **PRESERVATION, MANAGEMENT AND MAINTENANCE OF MORTGAGED PROPERTY.**

(a) Borrower shall not commit waste or permit impairment or deterioration of the Mortgaged Property (normal wear and tear excepted).

(b) Borrower shall not abandon the Mortgaged Property.

(c) Borrower shall restore or repair promptly, in a good and workmanlike manner, any damaged part of the Mortgaged Property to the equivalent of its original condition (normal wear and tear excepted), or such other condition as Lender may approve in writing, whether or not insurance proceeds or condemnation awards are available to cover any costs of such restoration or repair.

(d) Borrower shall keep the Mortgaged Property in good repair (normal wear and tear excepted), including the replacement of Personalty and Fixtures with items of equal or better function and quality.

(e) Borrower shall provide for professional management of the Mortgaged Property by a residential rental property manager satisfactory to Lender at all times, under a contract approved by Lender, in writing, which contract must be terminable upon not more than thirty (30) days notice without the necessity of establishing cause and without payment of a penalty or termination fee by Borrower or its successors. There shall be no change in the property manager or any contract for the management of the

Mortgaged Property without Lender's prior written approval. Lender shall have the right to require that Borrower and any new property manager enter into an Assignment of Management Agreement on a form approved by Lender. If required by Lender (whether before or after an Event of Default), Borrower will cause any Affiliate of Borrower to whom fees are payable for the management of the Mortgaged Property to enter into an agreement with Lender, in a form approved by Lender, providing for subordination of those fees and such other provisions as Lender may require. "**Affiliate of Borrower**" means any Person controlled by, under common control with, or which controls Borrower (the term "**control**" for these purposes means the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

(f) Borrower shall give notice to Lender of and, unless otherwise directed in writing by Lender, shall appear in and defend any action or proceeding purporting to affect the Mortgaged Property, Lender's security or Lender's rights under this Instrument. Borrower shall not (and shall not permit any tenant or other person to) remove, demolish or alter the Mortgaged Property or any part of the Mortgaged Property, including any removal, demolition or alteration occurring in connection with a rehabilitation of all or part of the Mortgaged Property, except (i) in connection with the replacement of tangible Personalty and (ii) repairs and replacements in connection with making an individual unit ready for a new occupant.

(g) Unless otherwise waived by Lender in writing, Borrower must have or must establish and must adhere to the MMP. If Borrower is required to have an MMP, Borrower must keep all MMP documentation at the Mortgaged Property or at the management agent's office and available for Lender or its agents to review during any annual assessment or inspection of the Mortgaged Property that is required by Lender.

18. ENVIRONMENTAL HAZARDS.

(a) Except for matters described in Section 18(b), Borrower shall not cause or permit any of the following:

(i) the presence, use, generation, release, treatment, processing, storage (including storage in above ground and underground storage tanks), handling, or disposal of any Hazardous Materials on or under the Mortgaged Property (whether as a result of activities on the Mortgaged Property or on surrounding properties) or any other property of Borrower that is adjacent to the Mortgaged Property;

(ii) the transportation of any Hazardous Materials to, from, or across the Mortgaged Property (whether as a result of activities on the Mortgaged Property or on surrounding properties);

(iii) any occurrence or condition on the Mortgaged Property (whether as a result of activities on the Mortgaged Property or on surrounding properties) or any other property of Borrower that is adjacent to the Mortgaged Property, which occurrence or condition is or may be in violation of Hazardous Materials Laws;

(iv) any violation of or noncompliance with the terms of any Environmental Permit with respect to the Mortgaged Property or any property of Borrower that is adjacent to the Mortgaged Property;

(v) the imposition of any environmental lien against the Mortgaged Property; or

(vi) any violation or noncompliance with the terms of any O&M Program.

The matters described in clauses (i) through (vi) above, except as otherwise provided in Section 18(b), are referred to collectively in this Section 18 as "**Prohibited Activities or Conditions**".

(b) Prohibited Activities or Conditions shall not include lawful conditions permitted by an O&M Program or the safe and lawful use and storage of quantities of (i) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, renovation, operation, maintenance or use of comparable multifamily properties, (ii) cleaning materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Mortgaged Property; and (iii) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Mortgaged Property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws.

(c) Borrower shall take all commercially reasonable actions (including the inclusion of appropriate provisions in any Leases executed after the date of this Instrument) to prevent its employees, agents, and contractors, and all tenants and other occupants from causing or permitting any Prohibited Activities or Conditions. Borrower shall not lease or allow the sublease or use of all or any portion of the Mortgaged Property to any tenant or subtenant for nonresidential use by any user that, in the ordinary course of its business, would cause or permit any Prohibited Activity or Condition.

(d) If and as required by Lender, Borrower shall also establish a written operations and maintenance program with respect to certain Hazardous Materials. Each such operations and maintenance program and any additional or revised operations and maintenance programs established for the Mortgaged Property pursuant to this Instrument must be approved by Lender and shall be referred to herein as an "**O&M Program.**" Borrower shall comply in a timely manner with, and cause all employees, agents, and contractors of Borrower and any other persons present on the Mortgaged Property to comply with each O&M Program. Borrower shall pay all costs of performance of Borrower's obligations under any O&M Program, and any Beneficiary Party's out-of-pocket costs incurred by such Beneficiary Party in connection with the monitoring and review of each O&M Program and Borrower's performance shall be paid by Borrower upon demand by such Beneficiary Party. Any such out-of-pocket costs of such Beneficiary Party which Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12.

(e) Without limitation of the foregoing, (i) Borrower hereby agrees to implement and maintain during the entire term of the Loan the O&M Program(s) described in that certain Borrower's Certificate and Agreement dated as of the date hereof, and (ii) if asbestos-containing materials are found to exist at the Mortgaged Property, the O&M Program with respect thereto shall be undertaken consistent with the Guidelines for Controlling Asbestos-Containing Materials in Buildings (USEPA, 1985) and other relevant guidelines and applicable Hazardous Materials Laws.

(f) With respect to any O&M Program, Lender may require (i) periodic notices or reports to Lender in form, substance and at such intervals as Lender may specify; (ii) amendments to such O&M Program to address changing circumstances, laws or other matters, including, without limitation, variations in response to reports provided by environmental consultants; and (iii) execution of an Operations and Maintenance Agreement relating to such O&M Program satisfactory to Lender.

(g) Borrower represents and warrants to Beneficiary Parties that, except as otherwise disclosed in the Environmental Reports (as defined in the Environmental Agreement):

(i) Borrower has not at any time engaged in, caused or permitted any Prohibited Activities or Conditions;

(ii) to the best of Borrower's knowledge after reasonable and diligent inquiry, no Prohibited Activities or Conditions exist or have existed, and Borrower has provided Lender with copies of all reports and information acquired in such inquiries;

(iii) the Mortgaged Property does not now contain any underground storage tanks and the Mortgaged Property has not contained any underground storage tanks in the past. If there is an underground storage tank located on the Mortgaged Property that has been

disclosed in Exhibit A to the Environmental Agreement, that tank complies with all requirements of Hazardous Materials Laws;

(iv) Borrower has complied with and will continue to comply with all Hazardous Materials Laws, including all requirements for notification regarding releases of Hazardous Materials. Without limiting the generality of the foregoing, Borrower has obtained all Environmental Permits required for the operation of the Mortgaged Property in accordance with Hazardous Materials Laws now in effect and all such Environmental Permits are in full force and effect;

(v) to the best of Borrower's knowledge after reasonable and diligent inquiry, no event has occurred with respect to the Mortgaged Property that constitutes, or with the passing of time or the giving of notice would constitute, noncompliance with the terms of any Environmental Permit or Hazardous Materials Law;

(vi) there are no actions, suits, claims or proceedings pending or, to the best of Borrower's knowledge after reasonable and diligent inquiry, threatened that involve the Mortgaged Property and allege, arise out of, or relate to any Prohibited Activity or Condition;

(vii) Borrower has not received any complaint, order, notice of violation or other communication from any Governmental Authority with regard to air emissions, water discharges, noise emissions or Hazardous Materials, or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;

(viii) no prior Remedial Work (as defined below) has been undertaken, and no Remedial Work is ongoing, with respect to the Mortgaged Property during Borrower's ownership thereof or, to the best of Borrower's knowledge, at any time prior to Borrower's ownership thereof; and

(ix) Borrower has disclosed in the Environmental Agreement all material facts known to Borrower or contained in Borrower's records the nondisclosure of which could cause any representation or warranty made herein or any statement made in the Environmental Agreement to be false or materially misleading.

The representations and warranties in this Section 18 shall be continuing representations and warranties that shall be deemed to be made by Borrower throughout the term of the Loan, until the Indebtedness has been paid in full or otherwise discharged.

(h) Borrower shall promptly notify Lender in writing upon the occurrence of any of the following events:

(i) Borrower's discovery of any Prohibited Activity or Condition;

(ii) Borrower's receipt of or knowledge of any complaint, order, notice of violation or other communication from any tenant, management agent, Governmental Authority or other person with regard to present or future alleged Prohibited Activities or Conditions or any other environmental, health or safety matters affecting the Mortgaged Property or any other property of Borrower that is adjacent to the Mortgaged Property;

(iii) Borrower's receipt of or knowledge of any personal injury claim, proceeding or cause of action directly or indirectly arising as a result of the presence of asbestos or other hazardous materials on or from the Mortgaged Property;

(iv) Borrower's discovery that any representation or warranty in this Section 18 has become untrue after the date of this Instrument; and

(v) Borrower's breach of any of its obligations under this Section 18.

Any such notice given by Borrower shall not relieve Borrower of, or result in a waiver of, any obligation under this Instrument, the Note, or any other Loan Document.

(i) Borrower shall pay promptly the costs of any environmental inspections, tests or audits ("**Environmental Inspections**") required by Lender or any Beneficiary Party in connection with any foreclosure or deed in lieu of foreclosure, or as a condition of Lender's consent to any Transfer under Section 21, or required by Lender following a determination by Lender that Prohibited Activities or Conditions may exist. Any such costs incurred by Lender (including, without limitation, fees and expenses of attorneys, expert witnesses, engineers, technical consultants and investigatory fees, whether incurred in connection with any judicial or administrative process or otherwise) that Borrower fails to pay promptly shall become an additional part of the Indebtedness as provided in Section 12. The results of all Environmental Inspections made by Lender shall at all times remain the property of Lender and Lender shall have no obligation to disclose or otherwise make available to Borrower or any other party such results or any other information obtained by Lender in connection with such Environmental Inspections. Lender hereby reserves the right, and Borrower hereby expressly authorizes Lender, to make available to any party, including any prospective bidder at a foreclosure sale of the Mortgaged Property, the results of any Environmental Inspections made by Lender with respect to the Mortgaged Property. Borrower consents to Lender notifying any party (either as part of a notice of sale or otherwise) of the results of any of Lender's Environmental Inspections. Borrower acknowledges that Lender cannot control or

otherwise assure the truthfulness or accuracy of the results of any of its Environmental Inspections and that the release of such results to prospective bidders at a foreclosure sale of the Mortgaged Property may have a material and adverse effect upon the amount which a party may bid at such sale. Borrower agrees that Lender shall have no liability whatsoever as a result of delivering the results of any of its Environmental Inspections to any third party, and Borrower hereby releases and forever discharges Lender from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the results of, the delivery of any of Lender's Environmental Inspections.

(j) If any investigation, site monitoring, containment, clean-up, restoration or other remedial work ("**Remedial Work**") is necessary to comply with or cure a violation of any Hazardous Materials Law or order of any Governmental Authority that has or acquires jurisdiction over the Mortgaged Property or the use, operation or improvement of the Mortgaged Property under any Hazardous Materials Law, or is otherwise required by Lender as a consequence of any Prohibited Activity or Condition or to prevent the occurrence of a Prohibited Activity or Condition, Borrower shall, by the earlier of (i) the applicable deadline required by such Hazardous Materials Law or (ii) thirty (30) days after notice from Lender demanding such action, begin performing the Remedial Work, and thereafter diligently prosecute it to completion, and shall in any event complete the work by the time required by such Hazardous Materials Law. Borrower shall promptly provide Lender with a cost estimate from an environmental consultant acceptable to Lender to complete any required Remedial Work. If required by Lender, Borrower shall promptly establish with Lender a reserve fund in the amount of such estimate. If in Lender's opinion the amount reserved at any time during the Remedial Work is insufficient to cover the work remaining to complete the Remediation or achieve compliance, Borrower shall increase the amount reserved in compliance with Lender's written request. All amounts so held in reserve, until disbursed, are hereby pledged to Lender as security for payment of Borrower's obligations under this Instrument. If Borrower fails to begin on a timely basis or diligently prosecute any required Remedial Work, Lender may, at its option, cause the Remedial Work to be completed, in which case Borrower shall reimburse Lender on demand for the cost of doing so. Any reimbursement due from Borrower to Lender shall become part of the Indebtedness as provided in Section 12.

(k) Borrower shall comply with all Hazardous Materials Laws applicable to the Mortgaged Property. Without limiting the generality of the previous sentence, Borrower shall (i) obtain and maintain all Environmental Permits required by Hazardous Materials Laws and comply with all conditions of such Environmental Permits; (ii) cooperate with any inquiry by any Governmental Authority; and (iii) comply with any governmental or judicial order that arises from any alleged Prohibited Activity or Condition.

(l) BORROWER SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND BENEFICIARY PARTIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, EMPLOYEES, AGENTS, ATTORNEYS, TRUSTEES, HEIRS AND LEGAL REPRESENTATIVES

(COLLECTIVELY, THE "**INDEMNITEES**") FROM AND AGAINST ALL LOSSES, PROCEEDINGS, CLAIMS, DAMAGES, PENALTIES AND COSTS (WHETHER INITIATED OR SOUGHT BY GOVERNMENTAL AUTHORITIES OR PRIVATE PARTIES), INCLUDING, WITHOUT LIMITATION, FEES AND OUT-OF-POCKET EXPENSES OF ATTORNEYS AND EXPERT WITNESSES, ENGINEERING FEES, ENVIRONMENTAL CONSULTANT FEES, INVESTIGATORY FEES, AND REMEDIATION COSTS (INCLUDING, WITHOUT LIMITATION, ANY FINANCIAL ASSURANCES REQUIRED TO BE POSTED FOR COMPLETION OF REMEDIAL WORK AND COSTS ASSOCIATED WITH ADMINISTRATIVE OVERSIGHT), AND ANY OTHER LIABILITIES OF WHATEVER KIND AND WHATEVER NATURE, WHETHER INCURRED IN CONNECTION WITH ANY JUDICIAL OR ADMINISTRATIVE PROCESS OR OTHERWISE, ARISING DIRECTLY OR INDIRECTLY FROM ANY OF THE FOLLOWING:

(i) ANY BREACH OF ANY REPRESENTATION OR WARRANTY OF BORROWER IN THIS SECTION 18;

(ii) ANY FAILURE BY BORROWER TO PERFORM ANY OF ITS OBLIGATIONS UNDER THIS SECTION 18;

(iii) THE EXISTENCE OR ALLEGED EXISTENCE OF ANY PROHIBITED ACTIVITY OR CONDITION;

(iv) THE PRESENCE OR ALLEGED PRESENCE OF HAZARDOUS MATERIALS ON OR UNDER THE MORTGAGED PROPERTY (WHETHER AS A RESULT OF ACTIVITIES ON THE MORTGAGED PROPERTY OR ON SURROUNDING PROPERTIES) OR IN ANY OF THE IMPROVEMENTS OR ON OR UNDER ANY PROPERTY OF BORROWER THAT IS ADJACENT TO THE MORTGAGED PROPERTY;

(v) THE ACTUAL OR ALLEGED VIOLATION OF ANY HAZARDOUS MATERIALS LAW;

(vi) ANY LOSS OR DAMAGE RESULTING FROM A LOSS OF PRIORITY OF THIS INSTRUMENT OR ANY OTHER LOAN DOCUMENT DUE TO AN IMPOSITION OF AN ENVIRONMENTAL LIEN AGAINST THE MORTGAGED PROPERTY; AND

(vii) ANY PERSONAL INJURY CLAIM, PROCEEDING OR CAUSE OF ACTION DIRECTLY OR INDIRECTLY ARISING AS A RESULT OF THE PRESENCE OF ASBESTOS OR OTHER HAZARDOUS MATERIALS ON OR FROM THE MORTGAGED PROPERTY.

(m) COUNSEL SELECTED BY BORROWER TO DEFEND INDEMNITEES SHALL BE SUBJECT TO THE APPROVAL OF THOSE INDEMNITEES. IN ANY CIRCUMSTANCES IN WHICH THE INDEMNITY UNDER THIS SECTION 18 APPLIES, ANY BENEFICIARY PARTY MAY EMPLOY ITS OWN LEGAL COUNSEL AND CONSULTANTS TO PROSECUTE, DEFEND OR NEGOTIATE ANY CLAIM OR LEGAL OR ADMINISTRATIVE PROCEEDING AT BORROWER'S EXPENSE, AND SUCH BENEFICIARY PARTY, WITH THE PRIOR WRITTEN CONSENT OF BORROWER (WHICH SHALL NOT BE UNREASONABLY WITHHELD, DELAYED OR CONDITIONED) MAY SETTLE OR COMPROMISE ANY ACTION OR LEGAL OR ADMINISTRATIVE PROCEEDING. BORROWER SHALL REIMBURSE SUCH BENEFICIARY PARTY UPON DEMAND FOR ALL COSTS AND EXPENSES INCURRED BY SUCH BENEFICIARY PARTY, INCLUDING, WITHOUT LIMITATION, ALL COSTS OF SETTLEMENTS ENTERED INTO IN GOOD FAITH, AND THE FEES AND OUT OF POCKET EXPENSES OF SUCH ATTORNEYS AND CONSULTANTS.

(n) BORROWER SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF THOSE INDEMNITEES WHO ARE NAMED AS PARTIES TO A CLAIM OR LEGAL OR ADMINISTRATIVE PROCEEDING (A "**CLAIM**"), SETTLE OR COMPROMISE THE CLAIM IF THE SETTLEMENT (1) RESULTS IN THE ENTRY OF ANY JUDGMENT THAT DOES NOT INCLUDE AS AN UNCONDITIONAL TERM THE DELIVERY BY THE CLAIMANT OR PLAINTIFF TO BENEFICIARY PARTIES OF A WRITTEN RELEASE OF THOSE INDEMNITEES, SATISFACTORY IN FORM AND SUBSTANCE TO LENDER; OR (2) MAY MATERIALLY AND ADVERSELY AFFECT BENEFICIARY PARTIES, AS DETERMINED BY LENDER IN ITS DISCRETION.

(o) BORROWER'S OBLIGATION TO INDEMNIFY THE INDEMNITEES SHALL NOT BE LIMITED OR IMPAIRED BY ANY OF THE FOLLOWING, OR BY ANY FAILURE OF BORROWER OR ANY GUARANTOR TO RECEIVE NOTICE OF OR CONSIDERATION FOR ANY OF THE FOLLOWING:

(i) ANY AMENDMENT OR MODIFICATION OF ANY LOAN DOCUMENT;

(ii) ANY EXTENSIONS OF TIME FOR PERFORMANCE REQUIRED BY ANY LOAN DOCUMENT;

(iii) ANY PROVISION IN ANY LOAN DOCUMENT LIMITING BENEFICIARY PARTIES' RECOURSE TO PROPERTY SECURING THE INDEBTEDNESS, OR LIMITING THE PERSONAL LIABILITY OF BORROWER OR ANY OTHER PARTY FOR PAYMENT OF ALL OR ANY PART OF THE INDEBTEDNESS;

(iv) THE ACCURACY OR INACCURACY OF ANY REPRESENTATIONS AND WARRANTIES MADE BY BORROWER UNDER THIS INSTRUMENT OR ANY OTHER LOAN DOCUMENT;

(v) THE RELEASE OF BORROWER OR ANY OTHER PERSON, BY BENEFICIARY PARTIES OR BY OPERATION OF LAW, FROM PERFORMANCE OF ANY OBLIGATION UNDER ANY LOAN DOCUMENT;

(vi) THE RELEASE OR SUBSTITUTION IN WHOLE OR IN PART OF ANY SECURITY FOR THE INDEBTEDNESS; AND

(vii) FAILURE BY BENEFICIARY PARTIES TO PROPERLY PERFECT ANY LIEN OR SECURITY INTEREST GIVEN AS SECURITY FOR THE INDEBTEDNESS.

(p) BORROWER SHALL, AT ITS OWN COST AND EXPENSE, DO ALL OF THE FOLLOWING:

(i) PAY OR SATISFY ANY JUDGMENT OR DECREE THAT MAY BE ENTERED AGAINST ANY INDEMNITEE OR INDEMNITEES IN ANY LEGAL OR ADMINISTRATIVE PROCEEDING INCIDENT TO ANY MATTERS AGAINST WHICH INDEMNITEES ARE ENTITLED TO BE INDEMNIFIED UNDER THIS SECTION 18;

(ii) REIMBURSE INDEMNITEES FOR ANY AND ALL EXPENSES PAID OR INCURRED IN CONNECTION WITH ANY MATTERS AGAINST WHICH INDEMNITEES ARE ENTITLED TO BE INDEMNIFIED UNDER THIS SECTION 18; AND

(iii) REIMBURSE INDEMNITEES FOR ANY AND ALL EXPENSES, INCLUDING, WITHOUT LIMITATION, FEES AND OUT OF POCKET EXPENSES OF ATTORNEYS AND EXPERT WITNESSES, PAID OR INCURRED IN CONNECTION WITH THE ENFORCEMENT BY INDEMNITEES OF THEIR RIGHTS UNDER THIS SECTION 18, OR IN MONITORING AND PARTICIPATING IN ANY LEGAL OR ADMINISTRATIVE PROCEEDING.

(q) THE PROVISIONS OF THIS SECTION 18 SHALL BE IN ADDITION TO ANY AND ALL OTHER OBLIGATIONS AND LIABILITIES THAT BORROWER MAY HAVE UNDER APPLICABLE LAW OR UNDER ANY OTHER LOAN DOCUMENT, AND EACH INDEMNITEE SHALL BE ENTITLED TO

INDEMNIFICATION UNDER THIS SECTION 18 WITHOUT REGARD TO WHETHER ANY OTHER BENEFICIARY PARTY OR THAT INDEMNITEE HAS EXERCISED ANY RIGHTS AGAINST THE MORTGAGED PROPERTY OR ANY OTHER SECURITY, PURSUED ANY RIGHTS AGAINST ANY GUARANTOR, OR PURSUED ANY OTHER RIGHTS AVAILABLE UNDER THE LOAN DOCUMENTS OR APPLICABLE LAW. IF BORROWER CONSISTS OF MORE THAN ONE PERSON OR ENTITY, THE OBLIGATION OF THOSE PERSONS OR ENTITIES TO INDEMNIFY THE INDEMNITEES UNDER THIS SECTION 18 SHALL BE JOINT AND SEVERAL. , THE OBLIGATION OF BORROWER TO INDEMNIFY THE INDEMNITEES UNDER THIS SECTION 18 SHALL SURVIVE ANY REPAYMENT OR DISCHARGE OF THE INDEBTEDNESS, ANY FORECLOSURE PROCEEDING, ANY FORECLOSURE SALE, ANY DELIVERY OF ANY DEED IN LIEU OF FORECLOSURE, AND ANY RELEASE OF RECORD OF THE LIEN OF THIS INSTRUMENT.

(r) Notwithstanding anything herein to the contrary, (i) Borrower shall have no obligation hereunder to indemnify any Indemnitee for any liability under this Section 18 to the extent that the Prohibited Activity or Condition giving rise to such liability resulted solely from the gross negligence or willful misconduct of such Indemnitee, and (ii) Borrower's liability under this Section 18 shall not extend to cover the violation of any Hazardous Materials Laws or Prohibited Conditions that first arise, commence or occur as a result of actions of Lender, its successors, assigns or designees, after the satisfaction, discharge, release, assignment, termination or cancellation of this Instrument following the payment in full of the Note and all other sums payable under the Loan Documents or after the actual dispossession from the entire Mortgaged Property of Borrower and all entities which control, are controlled by, or are under common control with Borrower following foreclosure of this Instrument or acquisition of the Mortgaged Property by a deed in lieu of foreclosure.

19. **PROPERTY AND LIABILITY INSURANCE.**

(a) Borrower shall keep the Improvements insured at all times against such hazards as Lender may from time to time require, which insurance shall include but not be limited to coverage against loss by fire and allied perils, general boiler and machinery coverage, business income coverage and extra expense insurance, coverage against acts of terrorism, mold and earthquake coverage. Borrower acknowledges and agrees that Lender's insurance requirements may change from time to time throughout the term of the Indebtedness. If Lender so requires, such insurance shall also include sinkhole insurance, mine subsidence insurance, earthquake insurance, and, if the Mortgaged Property does not conform to applicable zoning or land use laws, building ordinance or law coverage. If any portion of the Improvements is at any time located in an area identified by the Federal Emergency Management Agency (or any successor to that agency) as an area now or hereafter having special flood hazards, and if flood insurance is available in that area, Borrower shall insure such Improvements against loss by flood in an amount equal to the maximum amount available under the National Flood Insurance Program or any successor thereto.

(b) All premiums on insurance policies required under Section 19(a) shall be paid in the manner provided in Section 7, unless Lender has designated in writing another method of payment. All such policies shall also be in a form approved by Lender. All policies of property damage insurance shall include a non-contributing, non-reporting mortgage clause in favor of, and in a form approved by, Lender. Lender shall have the right to hold the original policies or duplicate original policies of all insurance required by Section 19(a). Borrower shall 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. At least 30 days prior to the expiration date of a policy, Borrower shall deliver to Lender the original (or a duplicate original) of a renewal policy in form satisfactory to Lender.

(c) All insurance policies and renewals of insurance policies required by this Section 19 shall be in such amounts and for such periods as Lender may from time to time require consistent with Lender's then current practices and standards, and shall be issued by insurance companies satisfactory to Lender. All insurance policies and renewals of insurance policies required by this Section 19 shall also comply with any applicable Credit Enhancer Insurance Standards.

(d) During any period of construction and/or rehabilitation, and at all times prior to occupancy of the Project by any tenants following the completion of the construction and/or rehabilitation of the Project in accordance with the Loan Agreement and the Construction Funding Agreement, the following provisions shall apply, in addition to the other provisions of this Section 19 and without limiting the generality of the other provisions of this Section 19:

(i) Borrower shall provide (or cause to be provided), maintain and keep in force, the following insurance coverage:

(A) Builder's "all risk" insurance or the equivalent coverage, including theft, to insure all buildings, machinery, equipment, materials, supplies, temporary structures and all other property of any nature on-site, off-site and while in transit which is to be used in fabrication, erection, installation and construction and/or rehabilitation of the Project, and to remain in effect until the entire Project has been completed and accepted by Borrower and is first occupied by any tenants (provided that in any event, such coverage shall remain in effect until such time as Borrower has provided Lender with evidence of property insurance covering the Improvements and meeting the requirements of this Section 19). Such insurance shall be provided on a replacement cost value basis and shall include foundations, other underground property, tenant improvements and personal property. If tenant improvements and personal property are not included in the above coverage, they may be insured separately by Borrower provided coverage is acceptable to Lender. Builders "all risk" insurance shall (i) be on a

nonreporting, completed value form, (ii) cover soft costs, debris removal expense (including removal of pollutants), resulting loss and damage to property due to faulty or defective workmanship or materials and error in design or specification, loss while the property is in the care, custody and control of others to whom the property may be entrusted, (iii) provide that Borrower can complete and occupy the Mortgaged Property without further written consent from the insurer, and (iv) cover loss of income resulting from delay in occupancy and use of the Mortgaged Property due to loss. During the initial construction and/or rehabilitation of the Project and until such time as the Project is first occupied by any tenants, the Borrower shall not be required to maintain property insurance as required by this Section 19 for so long as Builder's "all risk" insurance or equivalent coverage is maintained in accordance with this paragraph.

(B) If any portion of the Mortgaged Property is or becomes located in an area identified by the United States Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 and Flood Disaster Protection Act of 1973, as amended, Borrower shall also keep the improvements and the equipment located thereon insured against loss by flood in an amount at least equal to the principal amount of the Loan or the maximum limits of coverage available with respect to the Mortgaged Property, whichever is less. All such insurance shall also cover continuing expenses not directly involved in the direct cost of construction, rehabilitation or renovation, including interest on money borrowed to finance construction, rehabilitation or renovation, continuing interest on the Loan, advertising, promotion, real estate taxes and other assessments, the cost of renegotiating leases, and other expenses incurred as the result of property loss or destruction by the insured peril. Such coverage shall not contain any monthly limitation.

(ii) If Lender fails to receive proof and evidence of the insurance required hereunder, Lender shall have the right, but not the obligation, to obtain or cause to be obtained current coverage and to make a Disbursement, as defined by the Loan Agreement (or, in its sole discretion, advance funds) to pay the premiums for it. If Lender makes an advance for such purpose, Borrower shall repay such advance immediately on demand and such advance shall be considered to be a demand loan to Borrower bearing interest at the Default Rate (as defined by the Note) and secured by the Mortgaged Property.

(e) Borrower shall maintain at all times commercial general liability insurance, workers' compensation insurance and such other liability, errors and omissions and fidelity insurance coverages as Lender may from time to time require, consistent with Lender's then current practices and standards (together with any applicable Credit Enhancer Insurance Standards).

(f) Borrower shall comply with all insurance requirements and shall not permit any condition to exist on the Mortgaged Property that would invalidate any part of any insurance coverage that this Instrument requires Borrower to maintain.

(g) In the event of loss, Borrower shall give immediate written notice to the insurance carrier and to Lender. Borrower hereby authorizes and appoints Lender as attorney-in-fact for 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 property damage insurance policies, to collect and receive the proceeds of property damage insurance, and to deduct from such proceeds Lender's expenses incurred in the collection of such proceeds. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 19 shall require Lender to incur any expense or take any action. Lender may, at Lender's option, (i) hold the balance of such proceeds to be used to reimburse Borrower for the cost of restoring and repairing the Mortgaged Property to the equivalent of its original condition or to a condition approved by Lender (the "**Restoration**"), or (ii) apply the balance of such proceeds to the payment of the Indebtedness, whether or not then due. To the extent Lender determines to apply insurance proceeds to Restoration, Lender shall apply the proceeds in accordance with Lender's then-current policies relating to the restoration of casualty damage on similar multifamily properties.

(h) Lender shall not exercise its option to apply insurance proceeds to the payment of the Indebtedness if all of the following conditions are met: (i) no Event of Default (or any event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default) has occurred and is continuing; (ii) Lender determines, in its discretion, that there will be sufficient funds to complete the Restoration (and complete construction of the Project in accordance with the Loan Agreement and the Plans and Specifications, as defined therein, if such construction has not been completed at such time); (iii) Lender determines, in its discretion, that the net operating income generated by the Mortgaged Property after completion of the Restoration will be sufficient to meet all operating costs and other expenses, Imposition Deposits, deposits to reserves and loan repayment obligations relating to the Mortgaged Property; (iv) Lender determines, in its discretion, that the Restoration will be completed before the earlier of (A) one year before the Mandatory Prepayment Date set forth in the Note or (B) one year after the date of the loss or casualty; and (v) upon Lender's request, Borrower provides Lender evidence of the availability during and after the Restoration of the insurance required to be maintained pursuant to this Instrument.

(i) If the Mortgaged Property is sold at a foreclosure sale or Lender acquires title to the Mortgaged Property, Lender shall automatically succeed to all rights of

Borrower in and to any insurance policies and unearned insurance premiums and in and to the proceeds resulting from any damage to the Mortgaged Property prior to such sale or acquisition.

(j) Unless Lender otherwise agrees in writing, any application of any insurance proceeds to the Indebtedness shall not extend or postpone the due date of any monthly installments referred to in the Note, Section 7 of this Instrument or any Collateral Agreement, or change the amount of such installments, except as provided in the Note.

(k) Borrower agrees to execute such further evidence of assignment of any insurance proceeds as Lender may require.

(l) Borrower further agrees that to the extent that Borrower obtains any form of property damage insurance for the Mortgaged Property or any portion thereof that insures perils not required to be insured against by Lender, such policy of property damage insurance shall include a standard mortgagee clause and shall name Lender as loss payee and, within ten (10) days following Borrower's purchase of such additional insurance, Borrower shall cause to be delivered to Lender a duplicate original policy of insurance with respect to such policy. Any insurance proceeds payable to Borrower under such policy shall be additional security for the Indebtedness and Lender shall have the same rights to such policy and proceeds as it has with respect to insurance policies required by Lender pursuant to this Section 19 (except that Lender shall not require that the premium for such additional insurance be included among the Imposition Deposits).

20. **CONDEMNATION.**

(a) Borrower shall promptly notify Lender in writing of any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Mortgaged Property, whether direct or indirect (a "**Condemnation**"), and shall deliver to the Lender copies of any and all papers served in connection with such Condemnation. Borrower shall appear in and prosecute or defend any action or proceeding relating to any Condemnation unless otherwise directed by Lender in writing. Borrower authorizes and appoints Lender as attorney-in-fact for Borrower to commence, appear in and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any Condemnation and to settle or compromise any claim in connection with any Condemnation. This power of attorney is coupled with an interest and therefore is irrevocable. However, nothing contained in this Section 20 shall require Lender to incur any expense or take any action. Borrower hereby transfers and assigns to Lender all right, title and interest of Borrower in and to any award or payment with respect to (i) any Condemnation, or any conveyance in lieu of Condemnation, and (ii) any damage to the Mortgaged Property caused by governmental action that does not result in a Condemnation.

(b) Lender may apply such awards or proceeds, after the deduction of Lender's expenses incurred in the collection of such amounts (including, without

limitation, fees and out-of-pocket expenses of attorneys and expert witnesses, investigatory fees, whether incurred in connection with any judicial or administrative process or otherwise), at Lender's option, to the restoration or repair of the Mortgaged Property or to the payment of the Indebtedness in accordance with the provisions of the Note as to application of payments to the Indebtedness, with the balance, if any, to Borrower. Unless Lender otherwise agrees in writing, any application of any awards or proceeds to the Indebtedness shall not extend or postpone the due date of payments due under the Note, Section 7 of this Instrument or any Collateral Agreement or any other Loan Document, or change the amount of such payments, except as otherwise provided in the Note. Borrower agrees to execute such further evidence of assignment of any awards or proceeds as Lender may require.

21. **TRANSFERS OF THE MORTGAGED PROPERTY OR INTERESTS IN BORROWER.**

(a) The occurrence of any of the following events shall constitute an Event of Default under this Instrument:

(i) other than the lien of this Instrument and the Permitted Encumbrances, a Transfer of all or any part of the Mortgaged Property or any interest in the Mortgaged Property;

(ii) a Transfer of a Controlling Interest in Borrower;

(iii) a Transfer of a Controlling Interest in any entity which owns, directly or indirectly through one or more intermediate entities, a Controlling Interest in Borrower;

(iv) a Transfer of all or any part of a Guarantor's ownership interests in Borrower, or in any other entity which owns, directly or indirectly through one or more intermediate entities, an ownership interest in Borrower (other than a Transfer of an aggregate beneficial ownership interest in Borrower of 49% or less of such Guarantor's original ownership interest in Borrower and which does not otherwise result in a Transfer of the Guarantor's Controlling Interest in such intermediate entities or in Borrower);

(v) if Guarantor is an entity, (A) a Transfer of a Controlling Interest in Guarantor, or (B) a Transfer of a Controlling Interest in any entity which owns, directly or indirectly through one or more intermediate entities, a Controlling Interest in Guarantor;

(vi) if Borrower or Guarantor is a trust, the termination or revocation of such trust; unless the trust is terminated as a result of the death of an individual trustor, in which event Lender must be notified and such Borrower or Guarantor must be replaced with an individual or

entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged);

(vii) if Guarantor is a natural person, the death of such individual; unless the Lender is notified and such individual is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged);

(viii) the merger, dissolution, liquidation, or consolidation of (i) Borrower, (ii) any Guarantor that is a legal entity, or (iii) any legal entity holding, directly or indirectly, a Controlling Interest in Borrower or in any Guarantor that is an entity;

(ix) a conversion of Borrower from one type of legal entity into another type of legal entity (including the conversion of a general partnership into a limited partnership and the conversion of a limited partnership into a limited liability company), whether or not there is a Transfer; if such conversion results in a change in any assets, liabilities, legal rights or obligations of Borrower (or of any Guarantor, or any general partner of Borrower, as applicable), by operation of law or otherwise;

(x) a Transfer of the economic benefits or right to cash flows attributable to the ownership interests in Borrower and/or, if Guarantor is an entity, Guarantor, separate from the Transfer of the underlying ownership interests, unless the Transfer of the underlying ownership interests would otherwise not be prohibited by this Instrument; and

(xi) the filing, recording, or consent to filing or recording of any plat or map subdividing, replatting or otherwise affecting the Mortgaged Property or any other replat or subdivision of the Mortgaged Property, whether or not any such action affects the priority of the lien of this Instrument.

Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default in order to exercise any of its remedies with respect to an Event of Default under this Section 21.

(b) The occurrence of any of the following events shall not constitute an Event of Default under this Instrument, notwithstanding any provision of Section 21(a) to the contrary (each a "**Permitted Transfer**"):

(i) a Transfer to which Lender has consented;

(ii) except as provided in Section 21(a)(vi) and (vii), a Transfer that occurs by devise, descent, pursuant to the provisions of a trust, or by operation of law upon the death of a natural person;

(iii) the grant of a leasehold interest in an individual dwelling unit for a term of two years or less not containing an option to purchase;

(iv) 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, encumbrances and security interests other than those created by or permitted pursuant to the Loan Documents or consented to by Lender;

(v) the grant of an easement, servitude, or restrictive covenant if, before the grant, Lender determines that the easement, servitude, or restrictive covenant will not materially affect the operation or value of the Mortgaged Property or Lender's interest in the Mortgaged Property, and Borrower pays to Lender, upon demand, all costs and expenses incurred by Lender in connection with reviewing Borrower's request;

(vi) the creation of a mechanic's, materialman's, or judgment lien against the Mortgaged Property which is released of record or otherwise remedied to Lender's satisfaction within 45 days after Borrower has actual or constructive notice of the existence of such lien; and

(vii) the conveyance of the Mortgaged Property at a judicial or non-judicial foreclosure sale under this Instrument.

(c) Lender shall consent to a Transfer that would otherwise violate this Section 21 if, prior to the Transfer, Borrower has satisfied each of the following requirements:

(i) the submission to Lender of all information required by Lender to make the determination required by this Section 21(c);

(ii) the absence of any Event of Default;

(iii) the transferee meets all of the eligibility, credit, management, and other standards (including any standards with respect to previous relationships between Lender and the transferee and the organization of the transferee) customarily applied by Lender at the time of the proposed Transfer to the approval of borrowers in connection with the origination or purchase of similar mortgage

finance structures on similar multifamily properties, unless partially waived by Lender in exchange for such additional conditions as Lender may require;

(iv) the Mortgaged Property, at the time of the proposed Transfer, meets all standards as to its physical condition that are customarily applied by Lender at the time of the proposed Transfer to the approval of properties in connection with the origination or purchase of similar mortgage finance structures on similar multifamily properties, unless partially waived by Lender in exchange for such additional conditions as Lender may require;

(v) if transferor or any other person has obligations under any Loan Document, the execution by the transferee or one or more individuals or entities acceptable to Lender of an assumption agreement that is acceptable to Lender and that, among other things, requires the transferee to perform all obligations of transferor or such person set forth in such Loan Document, and may require that the transferee comply with any provisions of this Instrument or any other Loan Document which previously may have been waived by Lender;

(vi) if a guaranty has been executed and delivered in connection with the Note, this Instrument or any of the other Loan Documents, Borrower causes one or more individuals or entities acceptable to Lender to execute and deliver to Lender a substitute guaranty in a form acceptable to Lender;

(vii) Lender's receipt of all of the following:

(A) a non-refundable review fee in the amount of $3,000, and a transfer fee equal to one percent (1%) of the outstanding Indebtedness immediately prior to the Transfer; and

(B) Borrower's reimbursement of all of Lender's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request, to the extent such expenses exceed $3,000;

(viii) Borrower has agreed to Lender's conditions to approve such Transfer, which may include, but are not limited to (A) providing additional collateral, guaranties, or other credit support to mitigate any risks concerning the proposed transferee or the performance or condition of the Mortgaged Property, and (B) amending the Loan Documents to (i) delete any specially negotiated terms or provisions previously granted for the exclusive benefit of

transferor and (ii) restore to original provisions of the standard Lender's form multifamily loan documents, to the extent such provisions were previously modified; and

(ix) Lender's receipt of evidence of consent to the Transfer, to the extent required pursuant to the terms of the Regulatory Agreement.

(d) For purposes of this Section, the following terms shall have the meanings set forth below:

(i) A Transfer of a "**Controlling Interest**" shall mean:

(A) with respect to any entity, the following:

(1) if such entity is a general partnership or a joint venture, a Transfer of any general partnership interest or joint venture interest which would cause the Initial Owners to own less than 51% of all general partnership or joint venture interests in such entity;

(2) if such entity is a limited partnership, (A) a Transfer of any general partnership interest, or (B) a Transfer of any partnership interests which would cause the Initial Owners to own less than 51% of all limited partnership interests in such entity;

(3) if such entity is a limited liability company or a limited liability partnership, (A) a Transfer of any membership or other ownership interest which would cause the Initial Owners to own less than 51% of all membership or other ownership interests in such entity, (B) a Transfer of any membership, or other interest of a manager, in such entity that results in a change of manager, or (C) a change of the non-member manager;

(4) if such entity is a corporation (other than a Publicly-Held Corporation) with only one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than 51% of voting stock in such corporation;

(5) if such entity is a corporation (other than a Publicly-Held Corporation) with more than one class of voting stock, a Transfer of any voting stock which would cause the Initial Owners to own less than a sufficient number of shares of voting stock having the power to elect the majority of directors of such corporation; and

(6) if such entity is a trust (other than a Publicly-Held Trust), the removal, appointment or substitution of a trustee of

such trust other than (A) in the case of a land trust, or (B) if the trustee of such trust after such removal, appointment, or substitution is a trustee identified in the trust agreement approved by Lender; and/or

(B) any agreement (including provisions contained in the organizational and/or governing documents of Borrower or Guarantor) or Transfer not specified in clause (A), the effect of which, either immediately or after the passage of time or occurrence of a specified event or condition, including the failure of a specified event or condition to occur or be satisfied, would (i) cause a change in or replacement of the Person that controls the management and operations of the Borrower or Guarantor or (ii) limit or otherwise modify the extent of such Person's control over the management and operations of Borrower or Guarantor.

(ii) "**Publicly-Held Corporation**" shall mean a corporation the outstanding voting stock of which is registered under Section 12(b) or 12(g) of the Securities and Exchange Act of 1934, as amended.

(iii) "**Publicly-Held Trust**" shall mean a real estate investment trust the outstanding voting shares or beneficial interests of which are registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

(e) Lender shall be provided with written notice of all Transfers under this Section 21, whether or not such Transfers are permitted under Section 21(b) or approved by Lender under Section 21(c), no later than 10 days prior to the date of the Transfer.

22. **EVENTS OF DEFAULT.** The occurrence of any one or more of the following shall constitute an Event of Default under this Instrument:

(a) (i) any failure by Borrower to pay or deposit any payment of principal, interest, principal reserve fund deposit, any payment with a specified due date, or any other scheduled payment or deposit required by the Note, this Instrument or any other Loan Document when such payment or deposit is due or (ii) any failure by Borrower to pay or deposit any unscheduled payment or deposit, or other payment or deposit without a specified due date, required by the Note, this Instrument or any other Loan Document, within five (5) days after written notice from Lender;

(b) any failure by Borrower to maintain the insurance coverage required by Section 19;

(c) any failure by Borrower to comply with the provisions of Section 32;

(d) fraud or material misrepresentation or material omission by Borrower or Guarantor, any of their respective officers, directors, trustees, general partners, managing

members, managers, agents or representatives in connection with (i) the application for the Loan, (ii) any financial statement, rent roll, or other report or information provided to Lender during the term of the Indebtedness, or (iii) any request for Lender's consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement;

(e) any of Borrower's representations and warranties in this Instrument is false or misleading in any material respect;

(f) any Event of Default under Section 21;

(g) the commencement of a forfeiture action or proceeding, whether civil or criminal, which, in Lender's judgment, could result in a forfeiture of the Mortgaged Property or otherwise materially impair the lien created by this Instrument or Lender's interest in the Mortgaged Property;

(h) any failure by Borrower to perform or comply with any of its obligations under this Instrument (other than those specified in this Section 22), as and when required, which continues for a period of thirty (30) days after written notice of such failure by Lender to Borrower; provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed sixty (60) days. However, no such notice or grace period shall apply to the extent such failure could, in Lender's judgment, absent immediate exercise by Lender of a right or remedy under this Instrument, result in harm to Lender, impairment of the Note or this Instrument or any other security given under any other Loan Document;

(i) any failure by Borrower or any Guarantor to perform any of its obligations as and when required under any Loan Document other than this Instrument which continues beyond the applicable cure period, if any, specified in that Loan Document;

(j) any exercise by the holder of any 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;

(k) the occurrence of a Bankruptcy Event;

(l) any Event of Default (as defined in any of the Loan Documents), which continues beyond the expiration of any applicable cure period;

(m) any breach of, or event of default under, any other document or agreement relating to the Loan or the provision of low income housing tax credits to the Mortgaged Property to which Borrower is a party, which continues beyond the expiration of any applicable cure period thereunder;

(n) any failure by Borrower or the Project to qualify for low income housing tax credits pursuant to the provisions of Section 42 of the Internal Revenue Code;

(o) Intentionally Omitted;

(p) any amendment, modification, waiver or termination of any of the provisions of Borrower's Organizational Documents without the prior written consent of Lender, other than (i) modifications necessary to reflect the occurrence of a Permitted Transfer or (ii) modifications that do not: (A) impose any additional or greater obligations on Borrower or any of the partners, managers or members of Borrower, (B) reduce or relieve Borrower or any of the partners, managers or members of Borrower of any of their obligations, (C) modify the timing, amounts, number, conditions or other terms of the installments or other payment obligations of the partners or members of Borrower or (D) impair the collateral for the Loan; provided, however, that Borrower shall promptly provide to Lender a copy of any modifications to Borrower's Organizational Documents that do not require Lender's consent;

(q) (i) any breach of any Material Property Agreement by Borrower or its officers, directors, employees, agents or tenants that continues beyond any applicable notice and cure period; (ii) any failure by Borrower or its officers, directors, employees or agents or any other party to deliver concurrently (in case of notices given) or promptly (in case of notices received) copies of any and all notices received or given thereby to Lender with respect to any Material Property Agreement; or (iii) any breach of the representations, warranties, or covenants set forth in Section 22 of the Borrower's Certificate and Agreement;

(r) if Borrower or any Guarantor is a trust, the termination or revocation of any such trust; unless the trust is terminated as a result of the death of an individual trustor, in which event Lender must be notified and such Borrower or Guarantor must be replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged); or

(s) if any Guarantor is a natural person, the death of such individual; unless the Lender is notified and such individual is replaced with an individual or entity acceptable to Lender, in accordance with the provisions of Section 21(c) hereof, within 90 days of such death (provided however that no property inspection shall be required and a 1% transfer fee will not be charged).

23. **REMEDIES CUMULATIVE.** Each right and remedy provided in this Instrument is distinct from all other rights or remedies under this Instrument 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.

24. **FORBEARANCE.**

(a) 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, any guarantor or other third party obligor, to take any of the following actions: extend the time for payment of all or any part of the Indebtedness; reduce the payments due under this Instrument, the Note, or any other Loan Document; release anyone liable for the payment of any amounts under this Instrument, the Note, or any other Loan Document; accept a renewal of the Note; modify the terms and time of payment of the Indebtedness; join in any extension or subordination agreement; release any Mortgaged Property; take or release other or additional security; modify the rate of interest or period of amortization of the Note or change the amount of the monthly installments payable under the Note; and otherwise modify this Instrument, the Note, or any other Loan Document.

(b) Any forbearance by Lender in exercising any right or remedy under the Note, this Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any other right or remedy, or the subsequent exercise of any 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 of any other right available to Lender. Lender's receipt of any awards or proceeds under Sections 19 and 20 shall not operate to cure or waive any Event of Default.

25. **WAIVER OF STATUTE OF LIMITATIONS.** TO THE EXTENT PERMITTED BY LAW, BORROWER HEREBY WAIVES THE RIGHT TO ASSERT ANY STATUTE OF LIMITATIONS AS A BAR TO THE ENFORCEMENT OF THE LIEN OF THIS INSTRUMENT OR TO ANY ACTION BROUGHT TO ENFORCE ANY LOAN DOCUMENT.

26. **WAIVER OF MARSHALLING.** 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 Instrument, the Note, any other Loan Document or applicable law. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are 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 Instrument waives any and all right to require the marshalling 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 Instrument.

27. **FURTHER ASSURANCES.** Borrower shall execute, acknowledge, and deliver, at its sole cost and expense, all further acts, deeds, conveyances, assignments, estoppel certificates, financing statements or amendments, transfers and assurances as Lender may 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 Instrument and the Loan Documents. In furtherance thereof, on the request of Lender, Borrower shall re-execute or ratify any of the Loan Documents or execute any other documents or take such other actions as may be necessary to effect the assignment, pledge or other transfer of the Loan to any party that may purchase, insure, credit enhance or otherwise finance all or any part of the Loan, including, without limitation, any Credit Enhancer (including Freddie Mac or Fannie Mae), the U.S. Department of Housing and Urban Development, or any insurance company, conduit lender or any other lender or investor. Notwithstanding the foregoing sentence, in no event shall Borrower be required to execute and deliver any document or perform any act otherwise required pursuant to the foregoing sentence to the extent such document or act imposes a material additional obligation or liability on Borrower or materially adversely affects the rights of Borrower under any Loan Document.

28. **ESTOPPEL CERTIFICATE.** Within 10 days after a request from Lender, Borrower shall deliver to Lender a written statement, signed and acknowledged by Borrower, certifying to Lender or any person designated by Lender, as of the date of such statement, (i) 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); (ii) the unpaid principal balance of the Note; (iii) the date to which interest under the Note has been paid; (iv) that Borrower is not in default in paying the Indebtedness or in performing or observing any of the covenants or agreements contained in this Instrument or any of the other Loan Documents (or, if Borrower is in default, describing such default in reasonable detail); (v) 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 (vi) any additional facts requested by Lender.

29. **GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE.**

(a) This Instrument, and any 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.

(b) Borrower agrees that any controversy arising under or in relation to the Note, this Instrument, or any other Loan Document may be litigated in the Property Jurisdiction. The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have jurisdiction over all controversies that shall arise under or in relation to the Note, any security for the Indebtedness, 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. However, nothing herein is intended to limit Lender's right to bring any suit, action or proceeding relating to matters under this Instrument in any court of any other jurisdiction.

30. **NOTICE.**

(a) All notices, demands and other communications ("notice") under or concerning this Instrument shall be in writing, addressed as set forth below, and shall include a reference to "**Deal ID# 22960.**" Each notice shall be deemed given on the earliest to occur of (i) the date when the notice is received by the addressee; (ii) the first Business Day after the notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (iii) the third Business Day after the notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested.

If to the Borrower:	HDP Broadway, L.P. c/o Housing Development Partners of San Diego 1335 5th Avenue San Diego, California 92101 Attention: Executive Director Facsimile: N/A E-mail: mpavco@hdpartners.org
with a copy to:	Downs Pham & Kuei LLP One Embarcadero Center, Suite 500 San Francisco, California 94111 Attention: Irene C. Kuei Facsimile: (415) 477-6748
If to Lender:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, New York 10013 Attention: Transaction Management Group Deal ID# 22960 Facsimile: (212) 723- 8209
And to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Deal ID# 22960 Facsimile: (805) 557-0924
With a copy to:	Berkadia Commercial Mortgage LLC 118 Welsh Road Horsham, Pennsylvania 19044 Attention: Client Relations Manager Deal ID# 22960 Facsimile: (215) 441-7295

And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Deal ID# 22960 Facsimile: (646) 291-5754

(b) Any party to this Instrument may change the address to which notices intended for it are to be directed by means of notice given to the other party in accordance with this Section 30. Each party agrees that it will not refuse or reject delivery of any notice given in accordance with this Section 30, that it will acknowledge, in writing, the receipt of any notice upon request by the other party and that any notice rejected or refused by it shall be deemed for purposes of this Section 30 to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

(c) Any notice under the Note and any other Loan Document that does not specify how notices are to be given shall be given in accordance with this Section 30.

31. **CHANGE IN SERVICER.** If there is a change of the Servicer, Borrower will be given notice of the change.

32. **SINGLE ASSET BORROWER.** Until the Indebtedness is paid in full, Borrower (a) shall not acquire any real or personal property other than the Mortgaged Property and personal property related to the operation and maintenance of the Mortgaged Property; (b) shall not operate any business other than the management and operation of the Mortgaged Property; and (c) shall not maintain its assets in a way difficult to segregate and identify.

33. **SUCCESSORS AND ASSIGNS BOUND.** This Instrument shall bind, and the rights granted by this Instrument shall inure to, the successors and assigns of Lender and the permitted successors and assigns of Borrower.

34. **JOINT AND SEVERAL LIABILITY.** If more than one person or entity signs this Instrument as Borrower, the obligations of such persons and entities shall be joint and several.

35. **RELATIONSHIP OF PARTIES; NO THIRD PARTY BENEFICIARY.**

(a) The relationship between Lender and Borrower shall be solely that of creditor and debtor, respectively, and nothing contained in this Instrument shall create any other relationship between Lender and Borrower.

(b) No creditor of any party to this Instrument and no other person (other than a holder of the Note and Servicer) shall be a third party beneficiary of this Instrument or any other Loan Document. Without limiting the generality of the preceding sentence, (i)

any arrangement (a "**Servicing Arrangement**") between Lender and any Servicer for loss sharing or interim advancement of funds shall constitute a contractual obligation of such Servicer that is independent of the obligation of Borrower for the payment of the Indebtedness, (ii) Borrower shall not be a third party beneficiary of any Servicing Arrangement, and (iii) no payment by Servicer under any Servicing Arrangement will reduce the amount of the Indebtedness.

36. **SEVERABILITY; AMENDMENTS**. The invalidity or unenforceability of any provision of this Instrument shall not affect the validity or enforceability of any other provision, and all other provisions shall remain in full force and effect. This Instrument contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Instrument. This Instrument may not be amended or modified except by a writing signed by the party against whom enforcement is sought; provided, however, that in the event of a Transfer, any or some or all of the Modifications to Instrument set forth in Exhibit B (if any) may be modified or rendered void by Lender at Lender's option by notice to Borrower or such transferee.

37. **CONSTRUCTION**. The captions and headings of the sections of this Instrument are for convenience only and shall be disregarded in construing this Instrument. Any reference in this Instrument to an "Exhibit" or a "Section" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an Exhibit attached to this Instrument or to a Section of this Instrument. All Exhibits attached to or referred to in this Instrument are incorporated by reference into this Instrument. Any reference in this Instrument to a statute or regulation shall be construed as referring to that statute or regulation as amended from time to time. Use of the singular in this Instrument includes the plural and use of the plural includes the singular. As used in this Instrument, the term "including" means "including, but not limited to."

38. **SERVICER.**

(a) Borrower further acknowledges that Lender may from time to time and in accordance with the terms of the Loan Agreement, appoint a Servicer or a replacement servicer to collect payments, escrows and deposits, to give and receive notices under the Note, this Instrument, or the other Loan Documents, and to otherwise service the Loan. Borrower hereby acknowledges and agrees that, unless Borrower receives written notice from Lender to the contrary, any action or right which shall or may be taken or exercised by Lender may be taken or exercised by Servicer with the same force and effect, including, without limitation, the collection of payments, the giving of notice, the holding of escrows, inspection of the Mortgaged Property, inspections of books and records, the request for documents or information, and the granting of consents and approvals. Borrower further agrees that, unless Lender instructs Borrower to the contrary in writing, (i) any notices, books or records, or other documents or information to be delivered under this Instrument, the Note, or any other Loan Document shall also be simultaneously delivered to the Servicer at the address provided for notices to Servicer pursuant to Section 30 hereof, (ii) any payments to be made under the Note or for escrows under Section 7 of this Instrument or under any of the other Loan Documents shall be made to

Servicer. In the event Borrower receives conflicting notices regarding the identity of the Servicer or any other subject, any such notice from Lender shall govern.

(b) Borrower further acknowledges and agrees that, for the purpose of determining whether a security interest is created or perfected under the Uniform Commercial Code of the Property Jurisdiction, any escrows or other funds held by Servicer pursuant to the Loan Documents shall be deemed to be held by Lender.

39. **DISCLOSURE OF INFORMATION.** Lender may furnish information regarding Borrower or the Mortgaged Property to third parties with an existing or prospective interest in the servicing, enforcement, evaluation, performance, purchase or securitization of the Indebtedness, including but not limited to trustees, master servicers, special servicers, rating agencies, and organizations maintaining databases on the underwriting and performance of multifamily mortgage loans. Without limiting the generality of the foregoing, without notice to or the consent of Borrower, Lender may disclose to any title insurance company which insures any interest of Lender under this Instrument (whether as primary insurer, coinsurer or reinsurer) any information, data or material in its possession relating to Borrower, the Loan, the Improvements or the Mortgaged Property. Borrower irrevocably waives any and all rights it may have under applicable law to prohibit such disclosure, including but not limited to any right of privacy.

40. **NO CHANGE IN FACTS OR CIRCUMSTANCES.** Borrower warrants that all information in Borrower's application for the Loan and in all financial statements, rent rolls, reports, certificates and other documents submitted in connection with Borrower's application for the Loan 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.

41. **SUBROGATION.** If, and to the extent that, the proceeds of the 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 (a "**Prior Lien**"), such 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 the Prior Lien, whether or not the Prior Lien is released.

42. **FINANCING STATEMENT.** As provided in Section 2, this Instrument constitutes a financing statement with respect to any part of the Mortgaged Property which is or may become a Fixture and for the purposes of such financing statement: (a) the Debtor shall be Borrower and the Secured Party shall be Lender; (b) the addresses of Borrower as Debtor and of Lender as Secured Party are as specified above in the first paragraph of this Instrument; (c) the name of the record owner is Borrower; (d) the types or items of collateral consist of any part of the Mortgaged Property which is or may become a Fixture; and (e) the organizational identification number of Borrower (if any) as Debtor is set forth on Exhibit C.

43. STATE SPECIFIC PROVISIONS (CALIFORNIA).

(a) ACCELERATION; REMEDIES. If an Event of Default has occurred and is continuing, Lender, at Lender's option, may declare the Indebtedness to be immediately due and payable without further demand, and may invoke the power of sale and any other remedies permitted by California law or provided in this Instrument or in any other Loan Document. The provisions of this Section 43 shall not limit the remedies available to Lender pursuant to the remaining provisions of this Instrument and pursuant to the other Loan Documents. Borrower acknowledges that the power of sale granted in this Instrument may be exercised by Lender without prior judicial hearing. Lender shall be entitled to collect all costs and expenses incurred in pursuing such remedies, including attorneys' fees, costs of documentary evidence, abstracts and title reports.

If the power of sale is invoked, Lender shall execute a written notice of the occurrence of an Event of Default and of Lender's election to cause the Mortgaged Property to be sold and shall cause the notice to be recorded in each county in which the Mortgaged Property or some part of the Mortgaged Property is located. Trustee shall give notice of default and notice of sale and shall sell the Mortgaged Property according to California law. Trustee may sell the Mortgaged Property at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone the sale of all or any part of the Mortgaged Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Mortgaged Property at any sale.

At any sale, Lender shall be entitled to credit bid, or to instruct Trustee on behalf of Lender to credit bid, up to and including the entire amount of the Indebtedness plus Trustee's fees and expenses. Trustee shall deliver to the purchaser at the sale, within a reasonable time after the sale, a deed conveying the Mortgaged Property so sold without any express or implied covenant or warranty. The recitals in Trustee's deed shall be prima facie evidence of the truth of the statements made in those recitals. Trustee shall apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including Trustee's fees not to exceed 5% of the gross sales price, attorneys' fees and costs of title evidence; (b) to the Indebtedness in such order as Lender, in Lender's discretion, directs; and (c) the excess, if any, to the person or persons legally entitled to the excess.

(b) RECONVEYANCE. Upon payment of the Indebtedness, Lender shall request Trustee to reconvey the Mortgaged Property and shall surrender this Instrument and the Note to Trustee. Trustee shall reconvey the Mortgaged Property without warranty to the person or persons legally entitled to the Mortgaged Property. Such person or persons shall pay Trustee's reasonable costs incurred in so reconveying the Mortgaged Property.

(c) SUBSTITUTE TRUSTEE. Lender, at Lender's option, may from time to time, by a written instrument, appoint a successor trustee, which instrument, when

executed and acknowledged by Lender and recorded in the office of the Recorder of the county or counties where the Mortgaged Property is situated, shall be conclusive proof of proper substitution of the successor trustee. The successor trustee shall, without conveyance of the Mortgaged Property, succeed to all the title, power and duties conferred upon the Trustee in this Instrument and by California law. The instrument of substitution shall contain the name of the original Lender, Trustee and Borrower under this Instrument, the book and page where this Instrument is recorded, and the name and address of the successor trustee. If notice of default has been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee have been paid to such Trustee, who shall endorse receipt of those costs, fees and expenses upon the instrument of substitution. The procedure provided for substitution of trustee in this Instrument shall govern to the exclusion of all other provisions for substitution, statutory or otherwise.

(d) STATEMENT OF OBLIGATION. Lender may collect a fee not to exceed the maximum allowed by applicable law for furnishing the statement of obligation as provided in Section 2943 of the Civil Code of California.

(e) SPOUSE'S SEPARATE PROPERTY. Each Borrower who is a married person expressly agrees that recourse may be had against his or her community property and separate property.

(f) FIXTURE FILING. This Instrument is also a fixture filing under the Uniform Commercial Code of California.

(g) ADDITIONAL PROVISION REGARDING APPLICATION OF PAYMENTS. In addition to the provisions of Section 9, Borrower further agrees that, if Lender accepts a guaranty of only a portion of the Indebtedness, Borrower waives its right under California Civil Code Section 2822(a), to designate the portion of the Indebtedness which shall be satisfied by a guarantor's partial payment.

(h) WAIVER OF MARSHALLING; OTHER WAIVERS. To the extent permitted by law, Borrower waives (i) the benefit of all present or future laws providing for any appraisement before sale of any portion of the Mortgaged Property, (ii) all rights of redemption, valuation, appraisement, stay of execution, notice of election to mature or declare due the whole of the Indebtedness and marshalling in the event of foreclosure of the lien created by this Instrument, (iii) all rights and remedies which Borrower may have or be able to assert by reason of the laws of the State of California pertaining to the rights and remedies of sureties, (iv) the right to assert any statute of limitations as a bar to the enforcement of the lien of this Instrument or to any action brought to enforce the Note or any other obligation secured by this Instrument, and (v) any rights, legal or equitable, to require marshalling of assets or to require upon foreclosure sales in a particular order, including any rights under California Civil Code Sections 2899 and 3433. 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 by this Instrument. Lender shall have the right to determine the order in which any or all portions of the Indebtedness are satisfied from the

proceeds realized upon the exercise of the remedies provided by this Instrument. By signing this Instrument, Borrower does not waive its rights under Section 2924c of the California Civil Code.

(i) ADDITIONAL PROVISIONS CONCERNING ENVIRONMENTAL HAZARDS. In addition to the provisions of Section 18:

(i) Except for matters covered by an O&M Program or matters described in Section 18(b), Borrower shall not cause or permit any lien (whether or not such lien has priority over the lien created by this Instrument) upon the Mortgaged Property imposed pursuant to any Hazardous Materials Laws. Any such lien shall be considered a Prohibited Activity or Condition.

(ii) Borrower represents and warrants to Beneficiary Parties that, except as set forth in the Environmental Agreement:

(A) at the time of acquiring the Mortgaged Property, Borrower undertook all appropriate inquiry into the previous ownership and uses of the Mortgaged Property consistent with good commercial or customary practice and no evidence or indication came to light which would suggest that the Mortgaged Property has been or is now being used for any Prohibited Activities or Conditions; and

(B) the Mortgaged Property has not been designated as "hazardous waste property" or "border zone property" pursuant to Section 25220, et seq., of the California Health and Safety Code.

The representations and warranties in this subsection (ii) shall be continuing representations and warranties that shall be deemed to be made by Borrower throughout the term of the loan evidenced by the Note, until the Indebtedness has been paid in full.

(iii) Without limiting any of the remedies provided in this Instrument, Borrower acknowledges and agrees that each of the provisions in Section 18 and in this Section 43(i) is an environmental provision (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by Borrower relating to the real property security (the "**Environmental Provisions**"), and that Borrower's failure to comply with any of the Environmental Provisions will be a breach of contract that will entitle Lender to pursue the remedies provided by Section 736 of the California Code of Civil Procedure ("**Section 736**") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Lender's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the

meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure.

(iv) Any reference in this Instrument or in any other Loan Document to Section 18 of this Instrument shall be construed as referring together to Section 18 and this Section 43(i).

(j) JUDICIAL REFERENCE AGREEMENT; REFEREE; COSTS.

(i) Controversies Subject to Judicial Reference; Conduct of Reference. In the event that any action, proceeding and/or hearing on any matter whatsoever, including all issues of fact or law arising out of, or in any way connected with, the Note, this Instrument or any of the Loan Documents, or the enforcement of any remedy under any law, statute, or regulation (hereinafter, a "**Controversy**"), is to be tried in a court of the State of California and the jury trial waiver provisions set forth below are not permitted or otherwise applicable under then-prevailing law:

(A) Each Controversy shall be determined by a consensual general judicial reference (the "**Reference**") pursuant to the provisions of California Code of Civil Procedure §§ 638 et seq., as such statutes may be amended or modified from time to time.

(B) Upon a written request, or upon an appropriate motion by either Lender or Borrower, any pending action relating to any Controversy and every Controversy shall be heard by a single Referee who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Controversy. Lender and Borrower agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before him/her.

(C) Lender and Borrower shall promptly and diligently cooperate with one another and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of each Controversy in accordance with the terms of this Section 43(j).

(D) Either Lender or Borrower may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it.

(E) Lender and Borrower will each have such rights to assert such objections as are set forth in California Code of Civil Procedure §§ 638 et seq.

(F) All proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(ii) Selection of Referee; Powers.

(A) Lender and Borrower shall select a single neutral referee (the "**Referee**"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten years of judicial experience in civil matters. The Referee shall be appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts).

(B) If within ten (10) days after the request or motion for the Reference, Lender and Borrower cannot agree upon a Referee, either Lender or Borrower may request or move that the Referee be appointed by the Presiding Judge of the San Diego County Superior Court or of the U.S. District Court for the Southern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 43(j).

(iii) Provisional Remedies; Self-Help and Foreclosure.

(A) No provision of this Section 43(j) shall limit the right of either Lender or Borrower, as the case may be, to (1) exercise such self-help remedies as might otherwise be available under applicable law, (2) initiate judicial or non-judicial foreclosure against any real or personal property collateral, (3) exercise any judicial or power of sale rights, or (4) obtain or oppose provisional or ancillary remedies, including without limitation, injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference.

(B) The exercise of, or opposition to, any such remedy does not waive the right of Lender or Borrower to the Reference pursuant to this Section 43(j).

(iv) Costs and Fees.

(A) Promptly following the selection of the Referee, Lender and Borrower shall each advance equal portions of the estimated fees and costs of the Referee.

(B) In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by Borrower and/or Lender in such manner as the Referee deems just.

44. **ATTACHED EXHIBITS.** The following Exhibits are attached to this Instrument and are incorporated by reference herein as if more fully set forth in the text hereof:

☒ Exhibit A Description of the Land.

☒ Exhibit B Modifications to Instrument (Tax Credit Provisions).

☒ Exhibit C Financing Statement Information.

☒ Exhibit D Modifications to Instrument (Ground Lease).

☒ Exhibit E Description of Ground Lease.

The terms of this Instrument are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Instrument, the terms of said Exhibits shall be controlling in all respects.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

45. **WAIVER OF TRIAL BY JURY.**

TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND LENDER EACH (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS INSTRUMENT 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. IF, FOR ANY REASON, THIS PROVISION IS DETERMINED TO BE UNENFORCEABLE, ALL MATTERS OTHERWISE SUBJECT TO JURY TRIAL SHALL BE SUBJECT TO THE JUDICIAL REFERENCE PROCEDURES SET FORTH IN SECTION 43(J) OF THIS INSTRUMENT.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Instrument or caused this Instrument to be duly executed and delivered by its authorized representative as of the date first set forth above. The undersigned intends that this instrument shall be deemed to be signed and delivered as a sealed instrument.

BORROWER:

HDP BROADWAY, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC,
a California limited liability company,
its Managing General Partner

By: Housing Development Partners of San Diego,
a California nonprofit public benefit corporation,
its Managing Member

By: _____
Michael Pavco
Executive Director

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF San Diego)

On November 18, 2014 before me, Tina Kessler, Notary Public, personally appeared Michael Pauco, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

(Seal)

EXHIBIT A

DESCRIPTION OF THE LAND

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

PARCEL 2:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

EXHIBIT B

MODIFICATIONS TO INSTRUMENT
(Tax Credit Provisions)

The following modifications are made to the text of the Instrument that precedes this Exhibit:

1. Section 21(a) of the Instrument is amended by adding the following at the end of such Section:

"(xii) notwithstanding anything to the contrary herein or in Borrower's Organizational Documents, a Transfer or pledge of an interest in Borrower or any partner or member of Borrower to a 501(c)(3) nonprofit corporation, or a limited liability company whose sole member is a 501(c)(3) nonprofit corporation, without the prior written consent of Lender following full review and underwriting by Lender of the proposed transferee."

2. Section 21(b) of the Instrument is amended by adding the following at the end of such Section:

"(viii) Provided that (i) HDP Broadway, L.P., a California limited partnership, owns the Mortgaged Property and remains the borrower under the Note, (ii) HDP Broadway Management, LLC, a California limited liability company ("**General Partner**") is the sole general partner in Borrower and (iii) Boston Capital Direct Placement, A Limited Partnership, a Massachusetts limited partnership, or its permitted transferee (the "**Equity Investor**"), has not less than a 99.99% limited partnership interest in Borrower:

(A) the removal by Equity Investor of General Partner, as general partner of Borrower and its replacement as general partner by a 501(c)(3) nonprofit corporation, or a limited liability company whose sole member is a 501(c)(3) nonprofit corporation, provided that, (i) the entity replacing the removed General Partner is approved by Lender based upon full review and underwriting consistent with (a) Lender's mortgage credit standards for nonprofit principals and (b) the requirements for state and local real estate tax abatement, or (ii) a wholly-owned affiliate of Boston Capital Partners, Inc., a Massachusetts corporation ("**Equity Investor Sponsor**") or an entity in which Equity Investor Sponsor owns a Controlling Interest; or

(B) (i) a Transfer of limited partnership interests of Equity Investor in Borrower to (A) an entity in which Equity Investor Sponsor owns a Controlling Interest, or (B) an entity whose management is controlled by Equity Investor, by Equity Investor Sponsor or an Affiliate of Equity Investor Sponsor, or (ii) so long as Equity Investor Sponsor or an Affiliate of Equity Investor Sponsor remains the sole managing

member, sole manager or sole general partner, as applicable, of Equity Investor, the transfer of non-managing membership interests or limited partnership interests, as applicable, in Equity Investor.

Borrower must provide Lender with: (i) advance written notice of the identity of any entity replacing the General Partner or a Guarantor pursuant to this Section 21(b), and (ii) upon request by Lender from time to time, the names of all owners of interests in Borrower, whether such interests are owned directly or indirectly."

3. Section 30(a) of the Instrument is amended to add the following at the end of such Paragraph:

"Lender agrees that, so long as Equity Investor has a continuing ownership interest in Borrower, effective notice to Borrower under the Loan Documents shall require delivery of a copy of such notice to Equity Investor. Such notice shall be given in the manner provided in this Section 30(a), at Equity Investor's address set forth below:

Boston Capital Direct Placement, A Limited Partnership
c/o Boston Capital Partners, Inc.
One Boston Place, 21st Floor
Boston, Massachusetts 02108
Attention: Asset Management – San Diego Square
Facsimile: (617) 624-8999

with a copy to:

Holland & Knight LLP
10 St. James Avenue, 11th Floor
Boston, Massachusetts 02116
Attention: Douglas W. Clapp, Esq.
Facsimile: (617) 523-6850

Lender agrees that, notwithstanding its rights to invoke the remedies permitted by Section 43 of the Instrument, upon the breach of any covenant or agreement by Borrower in the Instrument (including, but not limited to, the covenants to pay when due sums secured by the Instrument) or any other Loan Document, Lender shall not, so long as Equity Investor has a continuing ownership interest in Borrower, conduct a foreclosure sale of the Mortgaged Property or receive a deed-in-lieu of foreclosure, until such time as Equity Investor has first been given 30 days written notice of such default and has failed, within such 30-day period to cure such default; provided, however, that Lender shall be entitled, during such 30-day period, to continue to accelerate the Note and to pursue its remedies."

4. The following new Sections are added to the Instrument after the last numbered Section:

"**46. RECOURSE LIABILITY.** So long as Equity Investor has a continuing ownership interest in Borrower, the provisions of Section 9 of the Note, as they relate to Events of Default described in Section 9(d) of the Note, shall be operative only after Equity Investor has been given thirty (30) days notice of the applicable Event(s) of Default described in Section 9(d) of the Note, together with an opportunity within such thirty (30) day period to remedy the applicable Event(s) of Default. In all events, Lender shall be entitled during such thirty (30) day period to exercise all of its rights and remedies under this Instrument upon the occurrence of such Event of Default other than foreclosure of the Mortgaged Property.

47. EXTENDED LOW-INCOME HOUSING COMMITMENT. Lender agrees that the lien of this Instrument shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the "**Extended Use Agreement**") recorded against the Mortgaged Property; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Instrument or upon a transfer of the Mortgaged Property by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

48. ANNUAL LIHTC REPORTING REQUIREMENTS. Borrower must submit to Lender each year at the time of annual submission of Borrower's financial analysis of operations, a copy of the following sections of Borrower's federal tax return: Internal Revenue Forms 1065, 8586, 8609 and Form 8609, Schedule A, which must reflect the total low-income housing tax credits ("**LIHTCs**") allocated to the Mortgaged Property and the LIHTCs claimed for the Mortgaged Property in the preceding year.

49. CROSS-DEFAULT. Borrower acknowledges and agrees that (a) any failure by Borrower or the Project to qualify for low income housing tax credits pursuant to the provisions of Section 42 of the Internal Revenue Code and (b) any default, event of default, or breach (however such terms may be defined) after the expiration of any applicable notice and/or cure periods under the Extended Use Agreement shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorney's fees incurred by Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default or event of default, under the Extended Use Agreement shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument.

50. 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 regulator under the Extended Use Agreement.

51. TAX EXEMPTION OR ABATEMENT.

(a) Borrower represents, warrants and covenants to Lender that the Mortgaged Property is eligible for and will receive a tax exemption or abatement (the "**Tax Abatement**") for the "welfare exemption" under Section 214(g) of the California Revenue and Taxation Code as provided for in subdivision (b) of Section 4 and Section 5 of Article XIII of the California Constitution (the "**Program**").

(b) Borrower must file or cause to be filed on a timely basis all documentation necessary to maintain the Tax Abatement.

(c) Borrower must comply or cause compliance fully with all of the Program requirements in order to obtain and maintain the Tax Abatement.

(d) 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 Program or that the Mortgaged Property is not being maintained as required by the Program.

(e) In any application for a Transfer of the Mortgaged Property, any interest in the Mortgaged Property or any interest in Borrower, Borrower shall notify Lender if the completion of such Transfer without the consent of the agency administering the Tax Abatement would result in the termination of the Tax Abatement.

(f) Borrower shall avail itself of all rights and opportunities to renew or extend the Tax Abatement.

(g) Borrower shall not voluntarily take or cause to be taken any action that would threaten the Tax Abatement or cause the Tax Abatement to terminate without the prior written consent of Lender.

(h) Borrower represents and warrants that:

(1) Borrower has not received any notice indicating that the Tax Abatement will be terminated or will not be obtained.

(2) Borrower has adhered to any income, rent or other restrictions imposed by the Tax Abatement.

(i) Each of the following shall constitute an Event of Default:

(1) Any breach of any of the representations and warranties in Subsection (h).

(2) Any transfer of the Mortgaged Property, any interest in the Mortgaged Property, or any interest in Borrower that would cause the Tax Abatement to terminate.

(j) In addition to the foregoing:

(1) The Borrower shall notify Lender if it receives any notice indicating that the Tax Abatement will be terminated before its scheduled expiration date.

(2) The Borrower shall notify Lender if a Transfer of the Property or any interest in Borrower would result in the termination of the Tax Abatement.

(3) The Borrower shall provide Lender with evidence of continued compliance with the requirements of the Program, including but limited to, rent rolls and tenant income certifications to confirm compliance with any tenant rent or income requirements of the Program.

52. SECTION 8 HAP CONTRACT.

(a) Borrower is a party to that certain Housing Assistance Payments Contract between Borrower and the United States Department of Housing and Urban Development ("**HUD**") identified as HAP Contract Number SF-79-612, in favor of San Diego Kind Corporation, a California nonprofit public benefit corporation, as assigned to Housing Development Partners of San Diego, a California nonprofit public benefit corporation, on February 13, 2014, and further assigned to Borrower on the Closing Date (as assigned, amended, and renewed to date, the "**HAP Contract**"), for the Mortgaged Property (Section 8 Project No. CA16-2234-201), which HAP Contract has been collaterally assigned by Borrower to Funding Lender pursuant to that certain Assignment of Housing Assistance Payments Contract (the "**Assignment of HAP Contract**") dated as of the date hereof.

(b) Borrower represents that Borrower has at all times been and presently is in full compliance with the HAP Contract and that Borrower has not in the past defaulted and is presently not in default under the HAP Contract.

(c) Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) under the HAP Contract or the Assignment of HAP Contract shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorneys' fees incurred by Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default, event of default or breach under the HAP Contract or under the Assignment of HAP Contract, shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument.

53. AFFORDABILITY RESTRICTIONS.

(a) Borrower shall not use the Mortgaged Property for any purpose other than Affordable Housing until the later of (i) the expiration of the term of the Affordability Restriction or (ii) 15 years from the date of this Instrument.

(b) Borrower's tenant selection procedure shall be conducted in accordance with all applicable state and federal laws including but not limited to fair housing laws, rules and regulations. If any Affordable Unit in the Mortgaged Property is occupied by a Qualifying Tenant(s) at the time of initial occupancy, and such Qualifying Tenant's income should subsequently exceed 140 percent of the applicable income limit, Borrower shall, after such determination of income, rent the next available residential unit of comparable or smaller size in the Mortgaged Property to another Qualified Tenant.

(c) A family, who, at the commencement of occupancy of a unit in the Mortgaged Property, was of low or moderate income, shall be treated as continuing to meet the low and moderate income requirement.

(d) For purposes of this Section:

"Affordable Housing" means a multifamily housing project in which 20 percent or more of the residential units are both rent-restricted and occupied by families whose incomes are 50 percent or less of the area median income as determined by HUD, with adjustments for household size, or in which 40 percent (25 percent in New York City) or more of the residential units are both rent-restricted and occupied by families whose incomes are 60 percent or less of the area median income as determined by the HUD Commissioner with adjustments for household size. A residential unit is rent-restricted if the Gross Rent with respect to such unit does not exceed 30 percent of the Imputed Income Limitation (as defined herein) applicable to such unit.

"Affordability Restriction" means a contractual agreement or covenant prohibiting the use of the Mortgaged Property for any purpose other than Affordable Housing.

"Affordable Units" means those units which are designated by Borrower for occupancy by Qualifying Tenants.

"Gross Rent" means the rental charge for an Affordable Unit in the Mortgaged Property including any utility allowance determined by HUD in accordance with Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) ("Section 8"). Gross Rent does not include any subsidy payment under Section 8 or any comparable rental assistance program (with respect to such unit or the tenant(s) thereof), nor does it include any fee for a basis of the low income status of the tenant(s) of the unit by any governmental program of assistance (or by an organization described in Section 501(c)(3) and exempt from tax under Section 501(a) of the Code (26 U.S.C. 501(a)) if such program (or organization) provides assistance for rent and the amount of assistance provided for rent is not separable from the amount of assistance provided for supportive services. Gross Rent does not include any rental payment to the owner of a unit if the owner pays an equivalent amount to the Farmers Home Administration under Section 515 of the Housing Act of 1949 (42 U.S.C. 1485).

"Imputed Income Limitation" has the meaning as defined in Section 42(g)(2)(C) of the Code (26 U.S.C. 42(g)(2)(C).

"Qualifying Tenant" means persons or family whose income at time of initial occupancy does not exceed 50 percent or 60 percent as applicable, of the area median income, as determined by HUD with adjustments for family size.

54. **FAIR HOUSING; EQUAL OPPORTUNITY.** Borrower shall: (a) comply with the provisions of Title VIII of the Civil Rights Act of 1968, as amended, and any regulations or administrative procedures issued pursuant thereto. These laws and regulations prohibit discrimination in the rental or financing of housing on the basis of race, color, national origin, religion (creed), or sex. Borrower agrees to administer the Property and related activities in a manner to affirmatively further fair housing. Borrower also agrees to comply with similar state and local fair housing laws and ordinances; and (b) comply with the provisions of Executive Order 11063 on Equal Opportunity in Housing and all regulations issued pursuant thereto. This order and related regulations prohibit discrimination on the basis of race, color, religion (creed), national origin, or sex in housing and related facilities provided through Federal financial assistance.

55. **AFFORDABILITY RESTRICTION.** The Affordability Restriction is incorporated into and made a part of this Instrument and a default after the expiration of any applicable notice and cure provisions under such Agreement shall constitute an Event of Default under this Instrument and Lender may exercise all of its rights under this Instrument.

56. **REGULATORY AGREEMENT.** Notwithstanding anything in this Instrument to the contrary, the Lender hereby acknowledges and consents to the lien of the Regulatory Agreement and agrees that, irrespective of the order of recordation or date of effectiveness, the lien of this Instrument shall be subordinate to the Regulatory Agreement. Borrower acknowledges and agrees that any default, event of default, or breach (however such terms may be defined) after the expiration of any applicable notice and/or cure periods under the Regulatory Agreement shall be an Event of Default under this Instrument and that any costs, damages or other amounts, including reasonable attorney's fees incurred by the Lender as a result of such an Event of Default by Borrower, including amounts paid to cure any default or event of default, under the Regulatory Agreement shall be an obligation of Borrower and become a part of the Indebtedness secured by this Instrument."

57. **USE AGREEMENT.** Lender acknowledges that the Mortgaged Property is subject to a Declaration of Covenants, Conditions and Restrictions dated February 11, 2014, made by Housing Development Partners of San Diego, a California nonprofit public benefit corporation, in favor of the San Diego Housing Commission (the "**Use Agreement**"). A default under such Use Agreement shall constitute an Event of Default under this Instrument and Lender may exercise all of its rights under this Instrument."

All capitalized terms used in this Exhibit not specifically defined herein shall have the meanings set forth in the text of the Instrument that precedes this Exhibit.

EXHIBIT C

FINANCING STATEMENT INFORMATION

1.	Name and Address of Debtor:	HDP Broadway, L.P. c/o Housing Development Partners of San Diego 1335 5th Avenue San Diego, California 92101
2.	Debtor's State of Organization and Organizational I.D.#:	
	State of Formation:	California
	Type of Entity:	Limited Partnership
	Organizational I.D.#:	201320400012
3.	Name and Address of Secured Party:	Housing Authority of the City of San Diego 1122 Broadway, Suite 300 San Diego, California 92101
4.	Name and Address of Assignee Secured Party:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, New York 10013
5.	The Collateral is:	Fixtures (as that term is described in the Uniform Commercial Code of California) attached to the Land described in Exhibit A attached to this Instrument.

EXHIBIT D

MODIFICATIONS TO INSTRUMENT
(Ground Lease)

The following modifications are made to the text of the Instrument that precedes this Exhibit:

1. The granting clause on page 1 is deleted in its entirety and the following new granting clause is inserted in its place:

"Granting Clause. Borrower, in consideration of the Indebtedness and the trust created by this Instrument, irrevocably grants, conveys and assigns to Trustee, in trust, with power of sale, the Mortgaged Property, including the Leasehold Estate in the Land located in San Diego County, California and described in Exhibit A attached to this Instrument, to have and to hold the Mortgaged Property unto Trustee, Trustee's successor in trust and Trustee's assigns forever."

2. The definition of Mortgaged Property in Section 1 is amended by deleting paragraph (i) and inserting the following new paragraph in its place: "(i) the Ground Lease and the Leasehold Estate;"

3. The definition of Mortgaged Property in Section 1 is amended by deleting the word "Land" from paragraph (viii) and inserting the words "Leasehold Estate" in its place.

4. Section 22(d) is amended in its entirety to read as follows:

"(d) fraud or material misrepresentation or material omission by Borrower or Guarantor, any of their respective officers, directors, trustees, general partners, managing members, managers, agents or representatives in connection with (i) the application for the Loan, (ii) any financial statement, rent roll, or other report or information provided to Lender during the term of the Indebtedness, (iii) any request for Lender's consent to any proposed action, including a request for disbursement of funds under any Collateral Agreement or (iv) any of the representations and warranties contained in Section 58;"

5. Section 22 is amended by inserting the following new provision as additional subsection (t):

"any failure by Borrower to comply with the provisions of Sections 58, 59, 60, 62, 63(b), 64(a) or 65;"

6. Section 1 is amended by adding the following new definitions:

"**Event of Ground Lessor Bankruptcy**" means either of the following actions taken by or with respect to Ground Lessor: (i) Ground Lessor pursuant to or within the meaning of the United States Bankruptcy Code (x) commences a voluntary case, or (y) consents to the entry of an order for relief against it in an involuntary case; or (ii) a court of competent jurisdiction enters an order or decree under the United States Bankruptcy Code that is for relief against Ground Lessor in an involuntary case.

"**Ground Lease**" means the lease described in Exhibit E pursuant to which Borrower leases the Land, as such lease may from time to time be amended, modified, supplemented, renewed and extended.

"**Ground Lessee Default**" means (i) a default by Borrower in making any payment of rent, additional rent or other sum of money payable by Borrower to Ground Lessor under the Ground Lease on the date such payment is due and payable, or (ii) a default by Borrower in performing or observing any of the terms, covenants or conditions of the Ground Lease (other than the payments referred to in clause (i)) required to be performed or observed by Ground Lessee.

"**Ground Lessor**" means the lessor from time to time under the Ground Lease.

"**Ground Lessor Default**" means a default by Ground Lessor in performing or observing any of the terms, covenants or conditions of the Ground Lease required to be performed or observed by Ground Lessor.

"**Ground Rent**" means the base or minimum rent payable in fixed monthly or other periodic installments under the Ground Lease.

"**Leased Premises**" means the Land and any other real property leased by Borrower pursuant to the Ground Lease.

"**Leasehold Estate**" means Borrower's interest in the Land and any other real property leased by Borrower pursuant to the Ground Lease, including (i) all rights of Borrower to renew or extend the term of the Ground Lease, (ii) all amounts deposited by Borrower with Ground Lessor under the Ground Lease, (iii) Borrower's right or privilege to terminate, cancel, surrender, modify or amend the Ground Lease, and (iv) all other options, privileges and rights granted and demised to Borrower under the Ground Lease and all appurtenances with respect to the Ground Lease.

7. The following new Sections are added at the end of the Instrument after the last numbered Section:

"58. **REPRESENTATIONS AND WARRANTIES REGARDING GROUND LEASE.** Borrower warrants and represents to Lender that, as of the date of this Instrument: (i) the Ground Lease is in full force and effect in accordance with its terms; (ii) Borrower has not waived, canceled or surrendered any of its rights under the Ground Lease; (iii) Borrower is the sole owner of, and has good and marketable title to, the Leasehold Estate; (iv) the Leasehold Estate, the Leased Premises and the Mortgaged Property are free and clear of all liens, encumbrances and other matters affecting title, other than the lien of this Instrument and the Permitted Encumbrances; (v) there is no existing Ground Lessee Default and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Ground Lessee Default; and (vi) to the best of Borrower's knowledge, there is no existing Ground Lessor Default and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Ground Lessor Default.

59. **NOTICES UNDER GROUND LEASE.** Borrower shall deliver to Lender, within ten (10) days after Borrower's receipt, a true and correct copy of each notice, demand, complaint or request from Ground Lessor under, or with respect to, the Ground Lease.

60. **BORROWER'S OBLIGATIONS TO COMPLY WITH GROUND LEASE.** Borrower shall (i) pay the Ground Rent and all other sums of money due and payable at any time and from time to time under the Ground Lease as and when such sums become due and payable, but in any event before the expiration of any grace period provided in the Ground Lease for the payment of any such sum, and (ii) at all times fully perform, observe and comply with all other terms, covenants and conditions of the Ground Lease to be performed, observed or complied with by Borrower as lessee under the Ground Lease. If the Ground Lease does not provide for a grace period for the payment of a sum of money, Borrower shall make the payment on or before the date on which the payment becomes due and payable. Borrower shall deliver evidence of the payment to Lender within ten (10) days after receipt of a written request from Lender for evidence of the payment.

61. **LENDER'S RIGHT TO CURE GROUND LESSEE DEFAULTS.** At any time after Lender receives notice of a Ground Lessee Default, (i) Lender may (but shall not be obligated to do so), make any payment, perform any obligation and take any other action Borrower would have the right to pay, perform or take under the Ground Lease which Lender deems necessary or desirable to cure the Ground Lessee Default, and (ii) Lender and its authorized agents shall have the right at any time or from time to time to enter the Land and Improvements, or any part thereof, to such extent and as often as Lender, in its discretion, deems necessary or desirable in order to cure the Ground Lessee Default, subject to the rights of the tenants and occupants of the Mortgaged Property. Lender may exercise its rights under this Section immediately after receipt of notice of a Ground Lessee Default and without regard to any grace period provided to Borrower in the Ground Lease to cure the Ground Lessee Default. For purposes of exercising its rights under this Section, Lender shall be fully protected for any action taken or omitted to be taken by Lender, in good faith, in reliance on any written notice from Ground Lessor stating that a Ground Lessee Default has occurred and is continuing even though Borrower may question or deny the existence or nature of the Ground Lessee Default. All expenditures made by Lender pursuant to this Section to cure a Ground Lessee Default shall become an additional part of the Indebtedness as provided in Section 12.

62. **COVENANTS TO PROTECT LEASEHOLD ESTATE.** Borrower shall not, without the written consent of Lender (which may be given or withheld by Lender in its discretion), (i) surrender the Leasehold Estate to Ground Lessor or terminate or cancel the Ground Lease, (ii) amend, modify or change the Ground Lease, either orally or in writing, or waive any of Borrower's rights under the Ground Lease, (iii) subordinate the Ground Lease or the Leasehold Estate to any mortgage, deed of trust or other lien on Ground Lessor's fee title to the Leased Premises, or (iv) except as otherwise provided in Section 63(b), reject or assume the Ground Lease or assign the Leasehold Estate pursuant to Section 365(h) of the United States Bankruptcy Code. Borrower absolutely and unconditionally transfers and assigns to Lender all of Borrower's rights to surrender, terminate, cancel, modify and change the Ground Lease, and any such surrender, termination, cancellation, modification or change made without the prior written consent of Lender shall be void and have no legal effect.

63. GROUND LESSEE'S BANKRUPTCY.

(a) Borrower assigns to Lender, as additional security for the Indebtedness, Borrower's right to reject the Ground Lease under Section 365 of the United States Bankruptcy Code after the occurrence of a Bankruptcy Event, subject to Section 63(b).

(b) If, after the occurrence of a Bankruptcy Event, Borrower decides to reject the Ground Lease, Borrower shall give Lender written notice, at least ten (10) days in advance, of the date on which Borrower intends to apply to the Bankruptcy Court for authority and permission to reject the Ground Lease. Lender shall have the right, but not the obligation, within ten (10) days after receipt of Borrower's notice, to deliver to Borrower a notice ("**Lender's Assumption Notice**") in which (i) Lender demands that Borrower assume the Ground Lease and assign the Ground Lease to Lender, or its designee, in accordance with the United States Bankruptcy Code, and (ii) Lender agrees to cure or provide adequate assurance of prompt cure of all Ground Lessee Defaults reasonably susceptible of being cured by Lender and of future performance under the Ground Lease. If Lender timely delivers Lender's Assumption Notice to Borrower, Borrower shall not reject the Ground Lease and shall, within fifteen (15) days after receipt of Lender's notice, comply with the demand contained in clause (i) of Lender's notice. If Lender does not timely deliver Lender's Assumption Notice to Borrower, Borrower shall have the right to reject the Ground Lease.

64. GROUND LESSOR'S BANKRUPTCY.

(a) If, after the occurrence of an Event of Ground Lessor Bankruptcy, Ground Lessor rejects the Ground Lease pursuant to Section 365(h) of the United States Bankruptcy Code (i) Borrower, immediately after obtaining notice of the rejection, shall deliver a copy of the notice to Lender, (ii) Borrower shall not, without Lender's prior written consent (which may be given or withheld in Lender's discretion), elect to treat the Ground Lease as terminated pursuant to Section 365(h) or any other applicable provision of the United States Bankruptcy Code, and (iii) this Instrument and the lien created by this Instrument shall extend to and encumber Borrower's retained rights under the Ground Lease that are appurtenant to the Leased Premises for the balance of the term of the Ground Lease and for any renewal or extension of those rights under the Ground Lease. Borrower transfers and assigns to Lender, as additional security for the Indebtedness, Borrower's rights, after Ground Lessor's rejection of the Ground Lease, to treat the Ground Lease as terminated, and any termination of the Ground Lease made by Borrower without Lender's prior written consent shall be void and have no legal effect.

(b) Borrower transfers and assigns to Lender, as additional security for the Indebtedness, all of Borrower's rights to damages caused by Ground Lessor's rejection of the Ground Lease after the occurrence of an Event of Ground Lessor Bankruptcy and all of Borrower's rights to offset such damages against rent payable under the Ground Lease. As long as no Event of Default has occurred and is continuing, Lender agrees that it will not enforce its rights under the preceding sentence, but will permit Borrower to exercise such rights with Lender's prior written consent. Any amounts received by Lender as damages arising out of Ground Lessor's rejection of the Ground Lease shall be applied in the manner set forth in Section 9.

65. **OPTION TO RENEW OR EXTEND GROUND LEASE.** Borrower shall give Lender written notice of Borrower's intention to exercise each option to renew or extend the term of the Ground Lease at least ninety (90) days, but not more than one hundred fifty (150) days, before the last day on which the option may be timely exercised. If Borrower intends to renew or extend the term of the Ground Lease, it shall deliver to Lender, together with the notice of such decision, a copy of the notice of renewal or extension it delivers to Ground Lessor. If Borrower does not intend to renew or extend the term of the Ground Lease or, if Borrower fails to deliver its written notice of exercise of its option to renew or extend the term of the Ground Lease at least ninety (90) days before the last day on which the option may be timely exercised, Lender shall have the right, but shall not be obligated, to renew or extend the term of the Ground Lease for and on behalf of Borrower.

66. **NO MERGER OF ESTATES.** If Borrower acquires the fee estate of Ground Lessor under the Ground Lease (the "**Fee Estate**") (i) there shall be no merger between the Fee Estate and the Leasehold Estate unless all persons, including Lender, having an interest in the Ground Lease consent in writing to the merger, and (ii) simultaneously with Borrower's acquisition of the Fee Estate, the lien of this Instrument shall automatically, without the necessity of any further conveyance, be spread to cover the Fee Estate and as so spread shall be prior to the lien of any mortgage, deed of trust or other lien placed on the Fee Estate after the date of this Instrument. Promptly after Borrower's acquisition of the Fee Estate, Borrower, at its sole cost and expense, including payment of Lender's attorneys' fees and out-of-pocket disbursements, shall execute and deliver all documents and instruments necessary to subject the Fee Estate to the lien of this Instrument, and shall provide to Lender a title insurance policy insuring the lien of this Instrument as a first lien on the Fee Estate and the Leasehold Estate. If Lender acquires the Fee Estate and the Leasehold Estate (whether pursuant to the provisions of the Ground Lease, by foreclosure of this Instrument, or otherwise), the Fee Estate and the Leasehold Estate shall not merge as a result of such acquisition and shall remain separate and distinct for all purposes after such acquisition unless and until Lender shall elect to merge the Fee Estate and the Leasehold Estate.

67. **NEW LEASE.** If (i) the Ground Lease is canceled or terminated for any reason before the natural expiration of its term, and (ii) Lender (or its designee) obtains from Ground Lessor a new lease in accordance with the term of the Ground Lease, Borrower shall have no right, title or interest in and to the new lease or the leasehold estate created by the new lease.

68. **APPOINTMENT OF LENDER AS BORROWER'S ATTORNEY-IN-FACT.** Borrower makes, constitutes and appoints Lender as Borrower's attorney-in-fact, in Borrower's name, place and stead, with full power of substitution, to take all actions and to sign all documents and instruments which Lender, in its discretion, considers to be necessary or desirable to (i) prevent or cure a Ground Lessee Default pursuant to Section 61, (ii) perform or carry out any of Borrower's covenants under Section 60, (iii) renew or extend the term of the Ground Lease pursuant to Section 65, (iv) appoint arbitrators and conduct arbitration proceedings pursuant to the Ground Lease, and (v) request and obtain estoppel certificates from Ground Lessor pursuant to the Ground Lease. Borrower gives and grants to Lender, as Borrower's attorney-in-fact, full power and authority to do and perform every act and sign every document and instrument necessary and proper to be done in the exercise of the foregoing power as fully as

Borrower might or could do, and Borrower hereby ratifies and confirms all acts that Lender, as Borrower's attorney-in-fact, shall lawfully do or cause to be done by virtue of this power of attorney. This power of attorney, being coupled with an interest, shall be irrevocable as long as any of the Indebtedness remains unpaid."

8. All capitalized terms used in this Exhibit not specifically defined herein shall have the meanings set forth in the text of the Instrument that precedes this Exhibit.

EXHIBIT E

DESCRIPTION OF GROUND LEASE

That certain City of San Diego Percentage Ground Lease between Housing Development Partners of San Diego, a California nonprofit public benefit corporation ("**HDPOSD**"), as lessee, and the City of San Diego (the "**City**"), as lessor, dated effective as of May 24, 2013 and filed on May 14, 2013, as Document No. RR-308156 in the Office of the City Clerk, San Diego, relating to the Mortgaged Property, as amended pursuant to that certain First Amendment to Percentage Ground Lease dated effective as of April 1, 2014 and filed as Document No. RR-308899 in the Office of the City Clerk, San Diego, as further amended by that certain Second Amendment to Lease dated effective as of November 20, 2014 and filed on November 18, 2014 as Document No. RR-309323 in the Office of the City Clerk, San Diego, and as further amended, assigned and assumed by that certain Addendum, Assignment, Assumption and Lessor Consent, Estoppel, And Nondisturbance Agreement (the "**Addendum**") dated as of November 1, 2014, but made effective on November 25, 2014 (the "**Effective Date**"), by and among Citibank, N.A., a national banking association, HDP Broadway, L.P., a California limited partnership (the "**Borrower**"), HDPOSD and the City (as so amended, the "**Lease**"), with respect to which a Memorandum of Lease is being recorded concurrently herewith in the Official Records of the San Diego County Recorder's Office (the "**Official Records**"). Pursuant to the Addendum, which is being recorded concurrently herewith in the Official Records, HDPOSD has assigned all of its right, title, interest and obligations in and under the Lease to the Borrower and the Borrower has assumed and agreed to perform all of the duties, obligation, covenants, agreements, promises, terms, conditions and provisions contained in the Lease to be observed, kept, performed or complied with by HDPOSD from and after the Effective Date.

Recording requested by:
CHICAGO TITLE COMPANY

DOC # 2014-0517200

NOV 25, 2014 4:59 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 63.00 WAYS: 3
DA: 1
PAGES: 6

AFTER RECORDING RETURN TO:

Citibank, N.A.
Transaction Management Group/Post Closing
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Tanya Jimenez
Deal ID# 22960

F11
6 P
3W

7371400489H
534-196-05
760-214-04

ASSIGNMENT OF DEED OF TRUST AND LOAN DOCUMENTS concurrently herewith

KNOW ALL PERSONS BY THESE PRESENTS:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California ("**Assignor**"), pursuant to that certain Funding Loan Agreement between Assignor and **CITIBANK, N.A.**, a national banking association ("**Assignee**"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does by these presents assign, without recourse, to Assignee all of Assignor's right, title and interest in and to, subject to the Unassigned Rights (as defined in that certain Funding Loan Agreement dated as of the date hereof by and between Assignor and Assignee), the instruments ("**Assigned Instruments**") described on Schedule 1 attached hereto.

TOGETHER with the Note described in the Assigned Instruments, and the money due and to become due thereon, with the interest thereon, TO HAVE AND TO HOLD the same unto the said Assignee forever, subject only to all the provisions contained therein, AND the said Assignor hereby constitutes and appoints the Assignee as the Assignor's true and lawful attorney, irrevocable in law or in equity, in the Assignor's name, place and stead, but at Assignee's cost and expense, to have, use and take all lawful ways and means for the recovery of all of the said money and interest; and in case of payment, to discharge the same as fully as the Assignor might or could if these presents were not made.

Overriding Limitations. In no event shall Assignor:

(i) prosecute its action to a lien on the Project as defined in that certain Borrower Loan Agreement by and between HDP Broadway, L.P., a California limited partnership ("**Borrower**") and Assignor (the "**Borrower Loan Agreement**"); or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Borrower Loan or of causing Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by Assignee or Servicer of any of their rights under the Borrower Loan Documents upon the occurrence of an event of default by Borrower under the Borrower Loan Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan.

Definitions. All capitalized terms that are used and are not defined herein shall have the respective meanings ascribed to them in the Borrower Loan Agreement. In all references herein to any parties, persons, entities or corporations the use of any particular gender on the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.

Dated as of the 1st day of November, 2014 (the foregoing date is for reference purposes only and this Assignment shall not be effective until the Closing Date, as defined in the Borrower Loan Agreement).

[*signature page follows*]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Assignment of Deed of Trust and Loan Documents or caused this Assignment of Deed of Trust and Loan Documents to be duly executed and delivered by its authorized representative as of the date first set forth above.

ASSIGNOR:

HOUSING AUTHORITY OF THE CITY OF SAN DIEGO

By: _____

Deborah N. Ruane,
Senior Vice President of the Real Estate Division of the San Diego Housing Commission

ATTEST:

By: _____

Deputy Secretary

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF San Diego)

On November 18, 2014 before me, Tina Kessler, Notary Public, personally appeared Deborah N. Ruane, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity(~~ies~~), and that by ~~his~~/her/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

(NOTARY SEAL)

SCHEDULE 1
TO
ASSIGNMENT OF DEED OF TRUST
AND LOAN DOCUMENTS

ASSIGNEE:

Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, New York 10013

ASSIGNED INSTRUMENTS:

1. Multifamily Note by HDP Broadway, L.P., a California limited partnership ("**Borrower**"), to Assignor dated the Closing Date, in the original principal amount of $17,825,000.

2. Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof executed by Borrower for the benefit of Assignor, which is being recorded immediately prior hereto in the Recorder's Office of San Diego County, California and encumbers the real property (and improvements thereon) that is more particularly described on **Exhibit A**.

EXHIBIT A

LEGAL DESCRIPTION

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

PARCEL 2:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

1

DOC # 2014-0517201

NOV 25, 2014 4:59 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 36.00

PAGES: 8

Recording requested by:
CHICAGO TITLE COMPANY
73714004894
WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction Management Group/Post Closing
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Tanya Jimenez
Deal ID# 22960

534-196-05
760-214-04

OPTION SUBORDINATION AGREEMENT

Concurrently herewith

This **OPTION SUBORDINATION AGREEMENT** ("**Agreement**") dated as of the 1st day of November, 2014, is entered into by **HDP BROADWAY, L.P.**, a California limited partnership, whose address is c/o Housing Development Partners of San Diego, 1335 5th Avenue, San Diego, California 92101 (the "**Borrower**"), and **HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO**, a California nonprofit public benefit corporation, who address is 1335 5th Avenue, San Diego, California 92101 (the "**Subordinator**"), for the benefit of **CITIBANK, N.A.**, a national banking association (together with its successors and assigns, "**Funding Lender**"). The date of this Agreement as set forth above is for reference purposes only, and this Agreement will not be effective and binding until the Closing Date (as defined by the Loan Agreement). Borrower and Subordinator agree as follows:

1. **Identification of Security Instrument**. Funding Lender is the owner and holder of the following instrument (hereafter referred to as the "**Security Instrument**"):

Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof, executed by Borrower, as grantor, and made for the benefit of the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the "**Governmental Lender**"), and assigned by Governmental Lender to Funding Lender pursuant to that certain Assignment of Deed of Trust and Loan Documents dated as of the date hereof, which encumbers that certain real property legally described on Exhibit A attached hereto (the "**Property**"), to be recorded in the real property records of San Diego County, California, securing a Multifamily Note dated the Closing Date by Borrower in favor of Governmental Lender in the original principal amount of $17,825,000, as assigned to Funding Lender.

2. **Identification of Subordinated Option**. Subordinator is the owner and holder of a certain right of first refusal and option to purchase the Property (the "**Option**") pursuant to that certain Purchase Option and Right of First Refusal Agreement dated as of November 1, 2014, by and among Subordinator, Borrower and HDP Broadway Management, LLC, a California limited liability company, as managing general partner of Borrower, and consented to by Boston Capital Direct Placement, A Limited Partnership, a Massachusetts limited partnership, as investor limited partner of Borrower and BCCC, Inc., a Massachusetts corporation, as special limited partner of Borrower ("**Purchase Agreement**").

3. **Subordination**. In consideration of benefits granted to Subordinator by Borrower, the receipt and sufficiency of which is hereby acknowledged, Subordinator hereby unconditionally subordinates the Option to (a) the lien, security interest and rights granted by the Security Instrument, (b) all advances or charges made or accruing under or secured by the Security Instrument, and (c) any extensions, modifications or renewals of the indebtedness secured by the Security Instrument.

4. **Waivers**. Funding Lender may, without notice to Subordinator hereunder, amend or modify the Security Instrument and all agreements executed in connection therewith or otherwise relating thereto (the "**Related Documents**"), release any or all parties liable for the indebtedness secured by the Security Instrument, and release all or any security for the indebtedness secured by the Security Instrument.

5. **Examination of Loan Documents**. Subordinator acknowledges that prior to the execution of this Agreement, Subordinator has had the opportunity to request copies of and examine the terms of the Security Instrument. Subordinator hereby consents to and approves the Security Instrument. Subordinator acknowledges that Funding Lender has no obligation to Subordinator to advance any funds under the Security Instrument or to insure that the funds are used for any specific purpose. Any application or use of the funds advanced by Funding Lender for purposes other than those provided for in the Security Instrument shall not impair the effectiveness of this subordination in any way.

6. **Subordination Is a Condition to Loan**. Funding Lender requires as a condition to the making of the loan secured by the Security Instrument that Borrower and Subordinator enter into this Agreement.

7. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties hereto with regard to the subordination of the Option, as set forth in the Purchase Agreement, to the Security Instrument, and shall supersede and cancel any prior agreements regarding subordination including, but not limited to, those provisions, if any, contained in the Purchase Agreement which provide for the subordination of a lien or charge therefor to deed(s) of trust, deed(s) to secure debt or mortgage(s) to be thereafter executed.

8. **Authority to Complete Blanks**. It is contemplated that this Agreement will be recorded in the real property records after the Security Instrument is recorded, and Subordinator specifically authorizes Funding Lender or its agents to insert in this Agreement where indicated the actual recording dates and numbers of the Security Instrument and such insertions shall be binding upon Subordinator.

9. **Binding Agreement**. This Agreement is entered into by Subordinator and is intended to bind Subordinator and any other present or future owners or holders of the indebtedness secured by the Security Instrument or parties asserting an interest in the Security Instrument or the indebtedness secured thereby. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Borrower and Funding Lender.

10. **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

11. **Definitions**. Capitalized terms which appear and are not otherwise defined herein shall have the meanings ascribed to such terms in the Security Instrument.

12. **Attached Exhibits**. The following Exhibit is attached to this Agreement and is incorporated by reference herein as if more fully set forth in the text hereof:

Exhibit A – Legal Description

The terms of this Agreement are modified and supplemented as set forth in said Exhibit. To the extent of any conflict or inconsistency between the terms of said Exhibit and the text of this Agreement, the terms of said Exhibit shall be controlling in all respects.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Borrower and Subordinator have caused this Option Subordination Agreement to be signed and delivered by its duly authorized representative as of the date first set forth above. Borrower and Subordinator intend that this Option Subordination Agreement shall be deemed signed and delivered as a sealed instrument.

BORROWER:

HDP BROADWAY, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC,
a California limited liability company,
its Managing General Partner

By: Housing Development Partners of San Diego,
a California nonprofit public benefit corporation,
its Managing Member

By: _____
Michael Pavco
Executive Director

SUBORDINATOR:

HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO,
a California nonprofit public benefit corporation

By: _____
Michael Pavco
Executive Director

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF San Diego)

On November 18, 2014 before me, Tina Kessler, Notary Public, personally appeared Michael Parco, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

(Seal)

NOTARY SEAL CERTIFICATION

(Government Code 27361.7)

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

Name of the Notary: Tina Kessler

Commission Number: 1997852 Date Commission Expires: 12/8/2016

County Where Bond is Filed: San Diego, CA

Manufacturer or Vendor Number: NR01
(Located on both sides of the notary seal border)

Signature: P. Meredith / CHICAGO TITLE COMPANY
Firm Name (if applicable)

Place of Execution: San Diego Date: 11/25/14

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF San Diego)

On November 18, 2014 before me, Tina Kessler, Notary Public, personally appeared Michael Pavco, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

Signature

(Seal)

EXHIBIT A
Legal Description

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

PARCEL 2:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

4

Recording requested by:
CHICAGO TITLE COMPANY

DOC # 2014-0517202

~~Recording Requested By~~
And When Recorded Mail To:

Housing Development Partners
of San Diego
1335 Fifth Avenue
San Diego, CA 92101
Attention: Michael Pavco

FII
21P
4W

NOV 25, 2014 4:59 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 123.00 WAYS: 4
DA: 1
PAGES: 21

~~13714004891~~
534-196-05; 760-214-04

SUBORDINATE LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

(San Diego Square)

This Deed of Trust is second and subject to that certain Deed of trust recording concurrently herewith

SUBORDINATE LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING

This SUBORDINATE LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**"), is made as of November 1, 2014, by and among HDP Broadway, L.P., a California limited partnership ("**Trustor**"), whose address is 1335 Fifth Avenue, San Diego, CA 92101, Chicago Title Company ("**Trustee**"), whose address is 2365 Northside Drive, Suite 500, San Diego, CA 92108 and Housing Development Partners of San Diego, a California nonprofit public benefit corporation ("**Beneficiary**"), whose address is 1335 Fifth Avenue, San Diego, CA 92101.

1. **Grants; Obligations Secured**. Trustor irrevocably GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, all of Trustor's present and future estate, right, title and interest in and to all of the following property, now owned or hereafter acquired (collectively the "**Property**"):

1.1 **Leasehold Estate**. That certain leasehold estate located in the County of San Diego, State of California, described as set forth on Exhibit "A" attached hereto and incorporated by this reference, together with all present and future appurtenances thereto, and all improvements and fixtures thereon ("**Real Property**"), together with an absolute and unconditional assignment of the rents, issues, profits and leases thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits; and all proceeds, including insurance proceeds and claims arising on account of any damage to, loss or taking of, or diminution in value of any of the Property.

1.2 **Personal Property**. Trustor, as debtor, hereby GRANTS a security interest to Beneficiary, as secured party, in all of Trustor's present and future right, title and interest in and to all of the following property, now owned or hereafter acquired (collectively the "**Collateral**"):

> All goods, accounts, documents, instruments, money, deposit accounts, chattel paper, investment property, letter-of-credit rights, and general intangibles, as those terms are defined in the California Uniform Commercial Code from time to time in effect, now or hereafter located or installed on or attached or affixed to the Property, or any collateral used, necessary for use, or intended for use in connection with or otherwise relating in any way to or deriving from the Property (including the ownership, design, development, construction, improvement, equipping, furnishing, use, leasing, operation, management, occupancy, financing or sale, damage, destruction, condemnation, or taking of the Property or any Collateral); and all proceeds, replacements, substitutions, products, accessions, and increases of any of the Collateral, and all receipts,

revenues, rents; issues, and profits of operation, use, hiring, leasing, or licensing of any of the Collateral.

1.3 **Obligations Secured**. The grants, assignments and transfers made in Sections 1.1 and 1.2 secure, in such order of priority as Beneficiary, in its absolute discretion, may determine, the due, prompt and complete payment, performance, observance and satisfaction by Trustor of all of its obligations, covenants, agreements and conditions under all of the following (collectively, the "**Obligations**"): (1) that certain Promissory Note of even date herewith in the original principal amount of Nine Million Seventy Thousand and No/100 Dollars ($9,070,000.00), made by Trustor as borrower in favor of Beneficiary as lender (the "**Note**"), (2) this Deed of Trust, including all additional advances made by Beneficiary under this Deed of Trust, (3) all other agreements to which Trustor (or the then owner of the Property and/or the Collateral) and Beneficiary may now or hereafter be or become parties which state that Trustor's (or such owner's) obligations under such agreements are secured by this Deed of Trust, and (4) all extensions, modifications, substitutions, replacements and renewals of any of the foregoing.

2. **Fixture Filing**. The personal property in which Beneficiary has a security interest includes goods which are or may or will become fixtures on the Property. This Deed of Trust is intended to serve as a fixture filing pursuant to the California Uniform Commercial Code. Trustor is the "debtor"; Beneficiary is the "secured party"; the addresses of each are as specified in the first paragraph of this Deed of Trust; and the following additional information is provided in connection therewith:

2.1 Trustor's organizational type: Limited Partnership

2.2 Trustor's sole state of organization: California

2.3 Trustor's organizational id number: 201320400012

3. **Trustor's Representations, Warranties and Covenants**. To protect the security of this Deed of Trust, Trustor represents, warrants and agrees as follows:

3.1 **Repair; Compliance with Laws**. Trustor shall keep the Property and Collateral in good condition and repair and pay when due all claims for labor performed and materials furnished therefor, comply with all laws affecting the Property or Collateral or requiring any alterations or improvements to be made thereon, not commit or permit waste thereof; not commit, suffer or permit any act upon the Property in violation of law; cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary.

3.2 **Insurance**. Trustor shall provide, maintain, and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary as its interest may appear. Subject to the rights of any senior lender, the amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured by this Deed of Trust and in any order determined by Beneficiary, or at the option of Beneficiary the entire amount so collected or any part of that amount

may be released to Trustor. This application or release shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such a notice. Notwithstanding the foregoing, in the event of any fire or other casualty to the Property, Trustor shall have the right to rebuild the Property, and to use all available insurance proceeds therefor, provided that (a) such proceeds are sufficient to rebuild the Property in a manner that provides adequate security to Beneficiary for repayment of the indebtedness secured hereby or if such proceeds are insufficient then Trustor shall have funded any deficiency, (b) Beneficiary shall have the right to approve (which shall not be unreasonably withheld or delayed) plans and specifications for any major rebuilding and the right to approve (which shall not be unreasonably withheld or delayed) disbursements of insurance proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists hereunder or under the Note. If the casualty affects only part of the Property and total rebuilding is not feasible, then proceeds may be used for partial rebuilding and partial repayment of the indebtedness secured hereby in a manner that provides adequate security to Beneficiary for repayment of the remaining indebtedness secured hereby.

3.3 **Defense Obligations; Reimbursement**. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee. Trustor shall immediately reimburse Beneficiary for all fees and costs, including attorneys' and experts' fees and costs, incurred by Beneficiary for: (a) enforcement of any of the Obligations, this Deed of Trust or any of its terms, or the exercise of any rights or remedies hereunder and/or at law, in equity or otherwise, whether or not any action or proceeding is filed; (b) representation of Beneficiary in any bankruptcy, insolvency, reorganization or other debtor-relief or similar proceeding of or relating to Trustor, to any person liable (by way of co-obligation, guaranty, assumption, endorsement or otherwise) upon or in connection with any of the Obligations, or to the Property or the Collateral; or (c) representation of Beneficiary in any action or proceeding relating to the Property or the Collateral, whether commenced by Beneficiary or any other person, including foreclosure, receivership, lien or stop-notice enforcement, bankruptcy, eminent domain and probate actions or proceedings.

3.4 **Taxes and Assessments**. Trustor shall pay all taxes and assessments affecting the Property or the Collateral, and when due, all encumbrances, charges and liens, with interest, on the Property, the Collateral, or any part thereof, which appear to be prior, superior or junior hereto, and all costs, fees and expenses of this Deed of Trust.

3.5 **Protection of Security**. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any

encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay counsel's reasonable fees.

3.6 **Payment**. Trustor shall pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to Section 3.5, with interest from the date of expenditure at the rate applicable from time to time under the Note (or if no rate is therein so provided, at the rate of eight percent (8%) per annum), and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

3.7 **Security Interest Information.**

3.7.1. **Representations and Warranties**. Trustor represents and warrants to Beneficiary that: (a) Trustor's full, correct and legal name, as indicated on the public record of the jurisdiction of its organization, which shows Trustor to have been organized, is as shown in the first paragraph of this Deed of Trust; (b) the information set forth in Sections 2.1.1, 2.1.2 and 2.1.3 above is true and correct, and Trustor's place of business is solely in the state of California; (c) Trustor's mailing address for purposes of any financing statement filed in connection with this Deed of Trust is as shown in the first paragraph of this Deed of Trust; (d) the Collateral is for business, commercial and/or investment use by Trustor, and does not include goods used or bought for use by Trustor primarily for personal, family, or household purposes; (e) the Secured Obligations are incurred by Trustor for business, commercial and/or investment purposes, and not primarily for personal, family, or household purposes; and (f) the transaction that is the subject of the Note is not a consumer-goods transaction or a consumer transaction.

3.7.2. **Changes in Name or State of Organization**. Trustor will make no change to its name, address, organizational status or existence, or state of organization, or place of business, without providing Beneficiary thirty (30) days' prior written notice.

3.8 **Ownership and Maintenance of Collateral.**

3.8.1. Trustor has applied to the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the laws of the State of California (the "**Government Lender**"), for a loan (the "**Senior Loan**") for the acquisition, rehabilitation, development, equipping and/or operation of the Property. The Senior Loan is evidenced by the Note (as defined by that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by Trustor in favor of Governmental Lender), in the original principal amount of $17,825,000, executed by Trustor and payable to the Government Lender, as assigned to Citibank, N.A.,, a national banking association (the "**Senior Lender**") pursuant to that certain Assignment of Deed of Trust and Loan Documents (the "**Senior**

Security Instrument" and together with the Senior Note, and all other documents executed in connection with Senior Loan, the "**Senior Loan Documents**").

3.8.2. Trustor represents and warrants that it is, and as to portions of the Collateral to be acquired hereafter agrees that it will be, the sole owner of the Collateral, free from any adverse lien, security interest or other claim, other than the security interest granted hereby and the encumbrances created by the Senior Security Instrument and the other Senior Loan Documents securing the Senior Loan, and (ii) title exceptions listed in the Title Policy as approved by the Beneficiary in its sole and absolute discretion. Except as set forth in the immediately preceding sentence, Trustor represents and warrants that it has not executed or authorized any security agreement, assignment, pledge or financing statement covering any of the Collateral except in favor of Beneficiary, and that no financing statement covering any of the Collateral is on file in any public office in any jurisdiction. Without Beneficiary's prior written consent, Trustor will not execute, file or authorize to be filed, in any jurisdiction, any financing statement covering any of the Collateral in which Beneficiary is not named as the sole secured party, other than those for which the Senior Lender (or any lender of a loan made to refinance the Senior Loan) is named as a secured party.

3.8.3. Trustor will maintain and keep the Collateral in good condition and repair and will not commit or permit any waste or unreasonable depreciation. Trustor will not alter, remove, or demolish any Collateral without Beneficiary's prior written consent, except as may be required by law or permitted by other provisions of this Deed of Trust.

3.8.4. Trustor will promptly notify Beneficiary if any damage to or loss of any of the Collateral occurs.

3.8.5. All tangible Collateral, and all tangible embodiments and evidences of intangible Collateral, will be and remain located at the Property, except as Beneficiary may consent in writing. Trustor will not sell or remove therefrom any of the Collateral unless (a) such Collateral is inventory sold in the ordinary course of business and is promptly replenished with like Collateral of equivalent value in which Beneficiary has a perfected security interest; or (b) Beneficiary has consented in writing, and under such conditions as Beneficiary may impose.

3.9 **Entry and Inspections**. Beneficiary and its agents, attorneys, employees, and contractors may enter any part of the Property and any place where any of the Collateral is or may be located at all reasonable times to attend to Beneficiary's interests, inspect the Property and/or Collateral, including all books, records, inventories, and other documents relating thereto, or perform any other act that Beneficiary is authorized to perform under this Deed of Trust or by law. Trustor will cooperate in such entries and inspections as Beneficiary may reasonably request.

3.10 **Indemnity**. Trustor will indemnify, defend, and hold Beneficiary harmless from and against all liabilities, claims, actions, costs, and expenses, including attorneys' fees, arising from or related to Trustor's ownership or use of any of the

Property or Collateral, or Beneficiary's exercise of any of its rights or remedies under this Deed of Trust.

3.11 **Further Agreements, Acts; Financing Statements**. Trustor shall execute any and all further agreements, assignments, documents and financing statements, and take such other further acts, as Beneficiary may reasonably request from time to time in order to evidence, protect, perfect or continue the security interest of Beneficiary in the Property and/or the Collateral or otherwise carry out the purposes and intent of this Deed of Trust. Beneficiary may file financing statements in all states, counties and other jurisdictions as it may elect, without the signature of Trustor if permitted by law. At Beneficiary's election, in addition to or instead of any other description of the Collateral, any financing statement description may use the terms "all assets," "all personal property," or words to similar effect.

4. **Additional Covenants. It is further agreed:**

4.1 **Condemnation Award**. Any award of damages in connection with any taking or condemnation, or for injury to the Property by reason of public use, or for damages for private trespass or injury to the Property, is hereby assigned and shall be paid to Beneficiary (subject to the rights of any senior lender), as its interest may appear as further security for all obligations secured by this Deed of Trust. Upon receipt of such proceeds, Beneficiary may hold the proceeds as further security, or apply or release them in the same manner and with the same effect as provided in Section 3.2 of this Deed of Trust for the disposition of proceeds of fire or other insurance.

4.2 **Acceptance of Late Payment**. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

4.3 **Other Trustee Rights**. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note (to the extent legally required) for endorsement, and without affecting the personal liability of any person for payment of the Obligations, Trustee may: reconvey any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4.4 **Reconveyance**. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note (to the extent legally required) to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

4.5 **Leases and Rents.**

4.5.1. Subject to the rights of any senior lender, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of this Deed of Trust, to collect the rents, issues and profits of the Property, reserving unto Trustor the right, prior to any default by Trustor in payment of any Obligations or in performance of any agreement hereunder or the occurrence of any other default hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the Obligations, enter upon and take possession of the Property or any part thereof, in its own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any of the Obligations, and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

4.5.2. Trustor shall, at its sole cost and expense: (a) timely perform and satisfy every obligation and condition of all existing and/or future leases of the Property (the "Leases") to be performed or satisfied by the lessor thereunder; (b) give prompt notice to Beneficiary of any notice of default given or received by Trustor under the Leases, together with a complete copy of any such notice of default; (c) enforce, short of termination, the performance and satisfaction of every obligation and condition of the Leases to be performed or satisfied by the lessees thereunder; (d) appear in and defend any action arising out of or relating to any of the Leases or the obligations of any party thereunder; (e) furnish to Beneficiary upon request true and correct copies of all Leases.

4.5.3. Trustor shall not, without Beneficiary's prior written consent, take any action to: (a) terminate, modify or amend any material economic term of the Leases; (b) waive, or release any lessee from, any material economic obligation or condition to be performed or satisfied by any lessee thereunder; (c) terminate the term of any of the Leases or accept a surrender thereof unless required to do so by the terms thereof; (d) collect or accept rents more than two (2) months in advance of the time when the same becomes due; (e) cause or permit the leasehold estate under any of the Leases to merge with Trustor's reversionary interest; (f) except for any senior loan approved by the Beneficiary, make any other assignment or transfer of any of its rights in any of the Leases or of the rents, absolutely or for security; or (g) except for any senior loan approved by the Beneficiary, consent to any assignments of any Lease. Any such purported action by Trustor without Beneficiary's prior written consent shall be void, and shall constitute a default hereunder.

4.6 **Default and Remedies**

4.6.1. **Default**. It shall be a default under this Deed of Trust if any of the following occurs: (a) a default by Trustor in any Obligation; (b) default under or acceleration of the indebtedness secured by any other deed of trust, mortgage, lien or security agreement affecting or relating to the Property, the Collateral, or any part thereof; (c) any claim of lien is made against the Property, the Collateral, or any part thereof; (d) default by any person liable (by way of co-obligation, guaranty, assumption, endorsement or otherwise) upon or in connection with any of the Obligations; (e) Trustor or any person liable (by way of co-obligation, guaranty, assumption, endorsement or otherwise) upon or in connection with any of the Obligations: (i) voluntarily suspends the transaction of business; (ii) becomes insolvent or unable to pay its debts as they mature; (iii) makes an assignment for the benefit of creditors; (iv) becomes the subject of a bankruptcy, reorganization or similar debtor-relief proceeding unless, in the case of an involuntary petition filed against Trustor, the petition is dismissed within ninety (90) days; (v) becomes, or any of its property becomes, the subject of appointment of a receiver, trustee, or conservator, unless, in the case of such appointment without Trustor's consent, the appointment is vacated within ninety (90) days; (vi) has any of its property become subject to any attachment, execution, sequestration or other judicial seizure not discharged within ninety (90) days; (vii) fails to pay or discharge any judgment against it singly or in the aggregate, in excess of $50,000.00, or to appeal such judgment(s) and obtain a stay thereof within thirty (30) days of entry; or (viii) is dissolved or terminated.

Notwithstanding anything to the contrary, in the event of any default under the terms of this Deed of Trust and/or the Note, Beneficiary shall provide written notice to Trustor and (i) in the case of non-monetary default, provide Trustor with thirty (30) days to cure such non-monetary default prior to the exercise of any remedies by Beneficiary (unless such non-monetary default is of a nature that is not capable of being cured within thirty (30) days in the Beneficiary's sole discretion and Trustor (a) initiates corrective action within said period, and (b) diligently and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional reasonable time as Beneficiary determines, in its sole discretion); and (ii) in the case of monetary default, provider the Trustor with ten (10) days in which to cure any such default.

Trustor's Limited Partners shall have the right, but not the obligation, to cure defaults of Trustor hereunder, and the Beneficiary hereby agrees to accept any cure of any default made or tendered by one or more of Maker's limited partners on the same basis as if made or tendered by Trustor. Copies of all notices which are sent to Trustor hereunder shall also be sent to:

Boston Capital Commonwealth Tax Credit Fund III,
A Limited Partnership
c/o Boston Capital Partners, Inc.
One Boston Place, 21st Floor
Boston, MA 02108
Attention: San Diego Square Asset Management

Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116
Attention: Douglas W. Clapp, Esq.

4.6.2. **Remedies**. Subject to the rights of any senior lender, upon the occurrence of a default hereunder and after the expiration of any notice and cure period, Beneficiary may in addition to all of its other rights and remedies, all of which are cumulative, do any one or more of the following: (a) declare all sums secured hereby immediately due and payable; (b) enter on or into the Property in person, by agent or by court appointed receiver, and take such action as Beneficiary may determine desirable to complete any unfinished development and/or to manage and operate the Property and/or the Collateral and/or to collect rents, and Beneficiary may apply any rents collected against the Obligations without in any way curing or waiving any default of Trustor; (c) foreclose, non judicially and/or by judicial action, in any order, separately or together, at the same or different times and places, in one sale or any number of separate sales, with disclaimers of any or all warranties, against some or all of the Property, the Collateral, and/or any other real or personal property security for the Obligations, without waiving any other part thereof; (d) require Trustor to assemble any or all of the Collateral and make it available to Beneficiary in a place designated by Beneficiary, and sell the Collateral at the Property or elsewhere, with or without having the Collateral at the place of sale; (e) without removal, render the Collateral unusable and dispose of it on the Property; (f) enter upon the Property and possess and remove any or all of the Collateral without legal process, if Beneficiary can do so without a breach of the peace, or by legal action for possession; (g) sell, lease, license or otherwise dispose of any or all of the Collateral, disclaiming any or all warranties of any kind which by law may be disclaimed (and no such disclaimer shall be considered to affect the commercial reasonableness of any such sale, lease, license or other disposition), and exercise any or all other remedies now or in the future available to a secured party under the California Uniform Commercial Code; (h) obtain the appointment of a receiver ex parte and without prior notice to Trustor, which notice Trustor hereby waives; (i) do any other acts which Beneficiary deems proper to protect this Deed of Trust and its interests hereunder until all of the Obligations are paid and performed in full; and (j) exercise any other legal, equitable or contractual right or remedy against Trustor and/or any security and/or any other person liable (by way of co-obligation, guaranty, assumption, endorsement or otherwise) upon the Obligations.

4.6.3. **Effect of Exercise of Remedies**. No remedy provided or permitted under this Deed of Trust is exclusive of any other, or of any remedy provided or permitted by law, equity or any instrument or agreement evidencing, securing, guarantying or relating to any of the Obligations. Each such remedy is cumulative and in addition to every other. No exercise of remedies, including foreclosure, against any part of the Property or the Collateral shall exhaust or extinguish Beneficiary's rights to exercise remedies, including foreclosure, against any other part of the Property or the Collateral until the Obligations are paid in full. A sale of less than all of the Property and/or the Collateral or any defective or irregular sale made under this Deed of Trust shall not exhaust or extinguish the power of sale provided for in this Deed of Trust or

any right or power of sale provided by law, and subsequent sales may be made until the Obligations are paid in full, or the entire Property and Collateral are sold, without defect or irregularity. Beneficiary may exercise any one or more of its remedies at its option without regard to the adequacy of its security.

4.6.4. **Sale(s) by Trustee of the Property and Collateral.**

(a) If Beneficiary elects to sell any of the Property (separately from or together with all or any part of the Collateral) under the power of sale herein granted, Trustee shall record and give all notices of default(s), election(s) to sell and sale(s) as may be required by law. Upon the expiration of such time(s) as required by law, Trustee shall, without demand on Trustor, sell all or such portions of the Property as Beneficiary may direct in its sole discretion (and, if so directed by Beneficiary, all or any portions of the Collateral) upon any terms and conditions specified by Beneficiary and permitted by law, at the time and place (or the times and places) fixed in the notice(s) of sale(s) (subject to postponement as provided below), as a whole or in separate parcels or items, and in such order, and in one sale or any number of separate sales, all as Beneficiary may direct in its sole discretion, at public auction(s), to the highest bidder(s) for cash payable at the time of sale(s). Trustor waives all rights (i) to require that the Property and/or Collateral be sold together or separately, (ii) to direct the order in which any of the Property or Collateral will be sold, and (iii) to have any of the Property or Collateral marshalled upon any sale. Trustee may postpone any sale from time to time by public announcement at the time and place of the sale as fixed by notice or by prior postponement, and may without further notice make such sale at the time fixed by the last postponement.

(b) Any person, including Trustee or Beneficiary, may purchase at such sale. Trustee shall deliver to the purchaser a deed conveying the Property or portion thereof sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof.

(c) Upon a sale by Trustee, and after deducting all costs, expenses, and fees of Trustee and of this trust (including the cost of evidence of title in connection with the sale), Trustee shall apply the proceeds from the sale to the payment of the Obligations in such order as Beneficiary may direct and the remainder, if any, to the person or persons legally entitled thereto.

4.7 **Successor Trustee**. Beneficiary, or any successor in ownership of any of the Obligations, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original

Trustor, Trustee and Beneficiary hereunder, the recordation information for this Deed of Trust, and the name and address of the new Trustee.

4.8 **Binding**. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular includes the plural and vice versa.

4.9 **Acceptance by Trustee**. Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

4.10 **Acceleration of Indebtedness Upon Transfer of the Property**. All sums, amounts and obligations secured by this Deed of Trust, irrespective of the maturity date expressed in the Note, at Beneficiary's option, and without presentment, demand, protest or notice of any kind, shall immediately become due and payable, and the Note shall thereafter bear interest at the Default Rate (as defined in the Note) if Trustor, without the prior written consent of Beneficiary:

(a) voluntarily or involuntarily sells, assigns, transfers, leases with option to purchase, grants a security interest in, disposes of, or further encumbers or hypothecates, or agrees to sell, assign, transfer, lease with option to purchase, grant a security interest in, dispose of, or further encumber or hypothecate, all or any portion of or any interest in the Property, including, but not limited to, any development rights, air rights, water rights, or similar rights;

(b) permits or suffers any of its members to assign, transfer, pledge, hypothecate or otherwise transfer or dispose of more than fifty percent (50%) of the interests in Trustor in the aggregate, whether voluntarily or involuntarily, except for any transfer to Beneficiary or any affiliate of Beneficiary;

(c) changes or alters, or allows to be changed or altered, in any way whatsoever the effective control or the ownership structure of Trustor; or

(d) is divested of title to all or part of the Property in any manner, whether voluntarily or involuntarily (other than through eminent domain or condemnation, for which condemnation proceeds are paid to Beneficiary pursuant to this Deed of Trust).

Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary may grant or deny such consent in its sole discretion and, if consent should be given, any such transfer shall be subject to this Deed of Trust, and any such transferee shall assume all obligations under this Deed of Trust and agree to be bound by all provisions contained in this Deed of

Trust. Such assumption shall not, however, release Trustor or any maker, or guarantor of the Note from any liability thereunder without the prior written consent of Beneficiary.

Notwithstanding anything to the contrary contained in this Deed of Trust, (i) the respective interests of the Trustor's limited partners (each a "Limited Partner") shall be transferable to any person or entity at any time, whether directly or indirectly, without the consent of the Beneficiary and shall not constitute a default hereunder. No transfer of a Limited Partner's respective interest shall release such transferor of its obligations to make capital contribution installments, as and when due, under the terms of the partnership agreement of Borrower (the "Partnership Agreement") absent an express assumption of such obligations by the transferee; and (ii) the removal of the Trustor's general partner by a Limited Partner in accordance with the terms of Trustor's partnership agreement, and the replacement of such general partner with an affiliate of the Limited Partner, shall not require the consent of the Beneficiary.

4.11 **Environmental Obligations and Indemnities.**

4.11.1. **Definitions**. The following terms used in this Deed of Trust shall have the meanings set forth below:

(a) "**Hazardous Material(s)**" means any chemical, substance, object, condition, material or waste that is or may be hazardous to human health or safety or to the environment, due to its radioactivity, ignitability, corrosivity, flammability, toxicity, infectiousness or any other harmful properties or effects, including all chemicals, substances, objects, conditions, materials or wastes that are now or hereafter may be regulated in any manner, classified as dangerous, hazardous or toxic, or as pollutants or contaminants, or to which exposure is prohibited or restricted by any federal, state or local governmental agency board or public authority or by any Environmental Law.

(b) "**Environmental Law**" means any federal, state or local law, ordinance or regulation or any rule adopted or guideline promulgated pursuant thereto, or any order, ruling or directive of any federal, state, local, executive, judicial, legislative, administrative or other governmental agency, board or public authority relating to health, industrial hygiene, the environment, or the occupational or environmental conditions on, under or about the Property (including, without limitation, air, soil, soil vapor, groundwater, surface water and/or use), whether now or hereafter in force.

(c) "**Hazardous Materials Claims**" means any and all claims and causes of action, demands, administrative proceedings or orders, liens, losses, damages, injuries to persons and/or property, judgments, penalties; fines, suits, proceedings, defenses, offsets, obligations, duties, costs or expenses (including remedial, removal, response, abatement, cleanup, compliance, legal, investigative, planning and monitoring costs) and other liabilities arising from any Hazardous Material and/or any Environmental Law.

(d) "**Indemnified Parties**" means Beneficiary and any

(e) successor to Beneficiary, any assignee of Beneficiary's interest in the Obligations, the directors, officers, employees, shareholders and agents of Beneficiary and such assignees and successors, and their respective heirs, executors, administrators, legal representatives, successors and assigns.

4.11.2. **Compliance with Environmental Laws; Use of Hazardous Materials**. Trustor shall at all times keep and maintain the Property in compliance with, and shall not cause or permit the Property or any activities conducted thereon to be in violation of, any Environmental Law, and shall give all notices and warnings and make all disclosures required by any Environmental Law. Trustor shall not conduct itself, and shall not permit any third party, or any owner, tenant, lessee or other occupant of the Property to conduct itself, in a manner so as to be in violation of any Environmental Law.

4.11.3. **Notification to Beneficiary**. Except in connection with any environmental condition(s) affecting the Property which are known to Trustor and Beneficiary as of the date of this Deed of Trust, Trustor shall immediately advise Beneficiary in writing of Trustor's discovery of or receipt of notice of (i) any and all Hazardous Materials Claims or proceeding or inquiry by any governmental authority with respect to the presence of any Hazardous Material on, under or about the Property; (ii) any use, release, discharge, or presence of Hazardous Material, on, under or about the Property; and (iii) any Remedial Work (as defined below) that Trustor proposes to undertake. Trustor shall also provide to Beneficiary copies of all notices received by Trustor from governmental authorities relating to any of the foregoing and all responses to such notices, including all reports, studies, and/or remedial action plans and other materials prepared by or on behalf of Trustor.

4.11.4. **Remedial Work**. In the event that any investigation, site monitoring, abatement, containment, cleanup, removal, restoration, response or other remedial work of any kind or nature with respect to the Property (other than in connection with any environmental condition(s) affecting the Property which are known to Trustor and Beneficiary as of the date of this Deed of Trust) (the "**Remedial Work**") is required under any Environmental Law or recommended in any environmental report, Trustor shall notify Beneficiary and shall promptly and within the period of time required under applicable Environmental Laws commence to perform, or cause to be commenced, and thereafter diligently prosecute to completion all such Remedial Work at Trustor's sole cost and expense, in compliance with applicable Environmental Laws and in good and workmanlike manner, free of all liens and encumbrances. In the event that Trustor fails to perform any obligation hereunder, Beneficiary shall have the right, but not the duty, to perform, and Trustor agrees to pay to Beneficiary, on demand, all costs and expenses incurred by Beneficiary in connection therewith.

4.11.5. **Indemnity**. Trustor agrees to indemnify, defend (with counsel satisfactory to each affected Indemnified Party), protect, save and hold

harmless the Indemnified Parties from and against any and all Hazardous Materials Claims and other costs arising from any Environmental Law or presence of any Hazardous Materials on, under or about the Property or which arise by reason of Trustor's failure to perform or observe any of its obligations or agreements under this Section 4.11. All Indemnified Parties affected by any Hazardous Materials Claim shall have the right to participate, with counsel of their choice, in the defense of such Hazardous Materials Claim. Trustor shall not settle or compromise any Hazardous Materials Claim without first obtaining written approval of the proposed settlement or compromise from all affected Indemnified Parties.

4.11.6. **Obligations Cumulative**. Trustor's obligations under this indemnity shall be in addition to any other obligations or liability that Trustor may have to the Indemnified Parties at law or in equity, including any obligation of contribution or compensation under any Environmental Law.

4.12 **No Merger**. No merger shall occur, and Beneficiary shall not be deemed to have intended that any merger occur, as a result of Beneficiary's acquiring any other estate or interest in, or any other lien on, the Property or the Collateral, unless Beneficiary consents to a merger in writing.

4.13 **Waiver of Limitations**. Trustor waives the pleading of any statute of limitations as a defense to the Secured Obligations to the fullest extent permissible by law.

4.14 **Waiver**. To the extent permitted by law, Trustor waives the benefit of all laws now existing or hereafter enacted providing for any appraisement before sale of any portion of the Property or the Collateral, extension of the time for performance of the Secured Obligations, or creation or extension of a period of redemption from any sale. Trustor further waives all rights and remedies which Trustor may have or be able to assert by reason of the laws or decisions pertaining to the rights and remedies of sureties.

4.15 **Tax**. In the event of the passage, after the date of this Deed of Trust, of any law deducting from the value of real property, for tax purposes, any lien or charge thereon, or changing in any way the laws now existing for the taxation of deeds of trust or indebtedness secured by deeds of trust for federal, state or local purposes, or changing the manner of collection of any such taxes as to affect this Deed of Trust or the Secured Obligations, Trustor agrees to pay such tax arising from such new law unless it would be illegal to do so. If Trustor fails to do so, Beneficiary may, at its election and without demand or notice, declare the Secured Obligations immediately due and payable.

4.16 **Notices**. All notices hereunder shall be deemed to have been duly given if personally delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, to the parties at their addresses set forth in the first paragraph hereof, or such other addresses as they may designate by notice thereof, and shall be deemed complete upon delivery of such mailing.

4.17 **Statements of Indebtedness**. Trustor agrees to pay Beneficiary reasonable charges, not to exceed the maximum allowed by law, for giving any statement of the status of the Secured Obligations.

4.18 **Approvals, Consents, Waivers; Acceptability to Beneficiary**. No approval, acceptance or consent of Beneficiary required by any provision of this Deed of Trust, nor any statement or waiver of any required approval, acceptance, acceptability, consent or condition, shall be deemed to have occurred unless set forth in writing, signed by Beneficiary, and delivered to Trustor. Any approval, acceptance, consent, waiver or statement of acceptability granted by Beneficiary shall be applicable only to the particular occurrence, circumstance or instance identified in such writing, and shall not constitute a continuing approval, acceptance, consent, waiver or statement of acceptability or be otherwise applicable to any other occurrence, circumstance or instance, whether similar or dissimilar. When this Deed of Trust requires the consent or approval of Beneficiary, or provides that any document, matter; act, event, occurrence or person must be satisfactory or acceptable to Beneficiary or words of similar import, such consent or approval may be given or withheld by Beneficiary, and such document, matter, act, event, occurrence or person must be satisfactory or acceptable to Beneficiary, In its sole and absolute discretion, unless otherwise expressly provided herein or therein.

4.19 **Amendments**. This Deed of Trust cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

4.20 **Time of the Essence**. Time is of the essence of this Deed of Trust and of every part hereof, and Trustor therefore acknowledges that Beneficiary has no obligation to grant any extension of any provision thereof, and any extension which Beneficiary may elect to grant may be conditioned upon such terms and conditions as Beneficiary may impose in its sole discretion.

4.21 **Perfection of Security**. Trustor agrees to execute and deliver to Beneficiary, from time to time on demand and at Trustor's cost and expense, any documents required to perfect and continue the perfection of Beneficiary's interest in the Property and the Collateral, or to effect any purpose hereunder.

4.22 **Litigation; Attorneys' Fees.**

4.22.1. Trustor shall promptly notify Beneficiary of the commencement or threat of commencement of any litigation which seeks to or could materially affect any of the Property or the Collateral, the lien or security interest of this Deed of Trust, or the rights or powers of Beneficiary or Trustee hereunder. Trustor shall, at its own expense, appear in and defend any such litigation. Beneficiary and Trustee shall also have the right, but not the obligation, to appear and participate in any such litigation, and Trustor shall pay all costs and expenses (including costs of evidence

of title and attorneys' and experts' fees and costs) of Beneficiary and Trustee in so appearing and participating.

4.22.2. Trustor shall immediately reimburse Beneficiary for all fees and costs, including attorneys' and experts' fees and costs, incurred by Beneficiary for: (a) enforcement of any of the Secured Obligations, this Deed of Trust or any of its terms, or the exercise of any rights or remedies hereunder and/or at law, in equity or otherwise, whether or not any action or proceeding is filed; (b) representation of Beneficiary in any bankruptcy, insolvency, reorganization or other debtor-relief or similar proceeding of or relating to Trustor, to any person liable (by way of guaranty, assumption, endorsement or otherwise) upon any of the Secured Obligations, or to the Property or the Collateral; or (c) representation of Beneficiary in any action or proceeding relating to the Property or the Collateral, whether commenced by Beneficiary or any other person, including foreclosure, receivership, lien or stop-notice enforcement, bankruptcy, eminent domain and probate actions or proceedings. All such fees and costs shall bear interest until paid at the rate applicable under the Note.

4.23 **Severability; Construction; Governing Law**. If any term or provision of the Deed of Trust or the application thereof to any person, entity or circumstances shall to any extent be invalid or unenforceable, the remainder of the Deed of Trust, or the application of such term or provision to persons, entities, or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of the Deed of Trust shall be valid and enforceable to the fullest extent permitted by law. Headings in this Deed of Trust are for convenience only and do not govern, limit or aid in the interpretation of the provisions of this Deed of Trust. This Deed of Trust and the obligations secured hereby shall be governed by and interpreted in accordance with the laws of the State of California.

4.24 **Joint and Several**. If more than one Trustor is named herein, all obligations of Trustor hereunder are joined and several and references to "Trustor" shall refer to each and every trustor hereunder. If Trustor is a partnership, Trustor's obligations hereunder will be the joint and several obligations of all general partners in Trustor.

4.25 **Request for Notice**. Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address hereinbefore set forth.

4.26 **Non-Recourse**. Notwithstanding anything to the contrary set forth in this Deed of Trust, neither the Trustor nor any partner of the Trustor shall have any personal liability for the payment or performance of all or any part of Trustor's obligations under this Deed of Trust and the Note.

4.28 **Interpretation**. The words "herein," "hereof," "hereunder" and words of similar import refer to this Deed of Trust as a whole and not to any particular Article, Section or subdivision hereof. All references to "Articles," "Sections,"

"Exhibits" and other parts or subdivisions are to the corresponding Articles, Sections, Exhibits or parts or subdivisions of this Deed of Trust, unless otherwise specified. The terms "include," "including" and forms thereof mean inclusive without limitation. The term "day" means calendar day. The term "person" means any individual, corporation, partnership, limited liability company, governmental entity or authority, or other entity of any kind.

4.29 **Subordination**. Beneficiary agrees to subordinate this Deed of Trust to the lien of Senior Loan, and any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Loan (including reasonable and necessary costs associated with the closing and/or the refinancing), as provided for in the Note. Further Beneficiary agrees that the lien of this Deed of Trust shall be subordinated to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code)(the "**Extended Use Agreement**") recorded against the Property, provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or upon a transfer of the Property by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(e) of the Internal Revenue Code, subject to the limitation upon evictions, termination of tenancies and increases in gross rents of tenants of low-income units as provided in that Section.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this Deed of Trust has been duly executed by Trustor as of the date and year first above written.

TRUSTOR:

HDP Broadway, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC,
a California limited liability company,
its Managing General Partner

By: Housing Development Partners of San Diego,
a California nonprofit public benefit corporation,
its Managing Member

By: _____
Michael Pavco
Executive Director

ACKNOWLEDGMENT

State of California
County of San Diego)

On November 21, 2014 before me, Tina Kessler, Notary Public
(insert name and title of the officer)

personally appeared Michael Pavco,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

Signature _____ (Seal)

EXHIBIT "A"
Legal Description

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

PARCEL 2:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY..

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

9

Recording requested by:
CHICAGO TITLE COMPANY

DOC # 2014-0517203

NOV 25, 2014 4:59 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 81.00

PAGES: 23

WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction Management Group/Post Closing
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Tanya Jimenez
Deal ID# 22960

FB
239

73714004894

534-196-05; 760-214-04

SUBORDINATION AND INTERCREDITOR AGREEMENT

Concurrently here with.

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "**Agreement**") dated as of November 1, 2014, is made by and between **HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO**, a California nonprofit public benefit corporation ("**Junior Lender**") and **CITIBANK, N.A.**, a national banking association ("**Senior Lender**"). The date of this Agreement as set forth above is for reference purposes only, and this Agreement will not be effective and binding until the Closing Date (as defined by the Senior Loan Agreement).

RECITALS:

A. HDP Broadway, L.P., a California limited partnership ("**Borrower**") has applied to the Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (the "**Governmental Lender**"), for a loan (the "**Senior Loan**") for the acquisition, rehabilitation, development, equipping and/or operation of the Property.

B. The Senior Loan is evidenced by that certain Multifamily Note dated November 25, 2014, in the original principal amount of $17,825,000 made by Borrower payable to the order of Governmental Lender (the "**Senior Note**") and that certain Borrower Loan Agreement dated as of the date hereof between Borrower and Governmental Lender (the "**Senior Loan Agreement**").

C. The Senior Loan is secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof executed by Borrower for the benefit of Governmental Lender (the "**Senior Security Instrument**"; together with the Senior Note, the Senior Loan Agreement and all other documents executed in connection with the Senior Loan, including this Agreement, the "**Senior Loan Documents**"), which Senior Security Instrument encumbers the Property.

D. Borrower has requested that Governmental Lender enter into that certain Funding Loan Agreement dated as of the date hereof, among Governmental Lender, MUFG Union Bank, N.A., a national banking association, as Fiscal Agent, and Senior Lender, pursuant to which Senior Lender will make a loan to Governmental Lender (the "**Funding Loan**"), the proceeds of

which will be used to make the Senior Loan pursuant to the Senior Loan Agreement to Borrower.

E. The Senior Note, the Senior Security Instrument and the Senior Loan Agreement have each be assigned by Governmental Lender to Senior Lender and the other Senior Loan Documents have been executed by Borrower for the benefit of Senior Lender to secure the Funding Loan.

F. Junior Lender is making a loan (the "**Junior Loan**") to Borrower in the original principal amount of $9,070,000, which Junior Loan is evidenced by that certain Promissory Note dated November 25, 2014, hereof made by Borrower to Junior Lender (the "**Junior Note**") and secured by, the Junior Security Instrument (as hereinafter defined) encumbering the Property.

G. As a condition to the making of the Senior Loan and the Funding Loan, Junior Lender is required to execute and deliver this Agreement prior to the making of the Junior Loan and the granting of the Junior Security Instrument by Borrower.

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loan and to induce Senior Lender to consent to the Junior Loan and the Junior Security Instrument, Junior Lender hereby agrees as follows:

1. **Definitions.** Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Senior Security Instrument. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

"**Bankruptcy Proceeding**" means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

"**Casualty**" means the occurrence of damage to or loss of any of the Property by fire or other casualty.

"**Condemnation**" means any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

"**Enforcement Action**" means the acceleration of all or any part of the Junior Indebtedness, the advertising of or commencement of any foreclosure or trustee's sale proceedings, the exercise of any power of sale, the acceptance of a deed or assignment in lieu of foreclosure or sale, the collecting of Rents, the obtaining of or seeking of the appointment of a receiver, the seeking of default interest, the taking of possession or control of any of the Property, the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, the exercising of any banker's lien or rights of set-off or recoupment, or the taking of any other enforcement action

against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

"**Enforcement Action Notice**" means a written notice from Junior Lender to Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender.

"**Junior Indebtedness**" means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"**Junior Loan Documents**" means, collectively, the Junior Note, the Junior Security Instrument and all other documents evidencing, securing or delivered in connection with the Junior Loan, all of which are listed on Schedule A attached hereto, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

"**Junior Security Instrument**" means that certain Subordinate Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of the date hereof, made by Borrower for the benefit of Junior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

"**Junior Loan Default**" means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Junior Security Instrument.

"**Loss Proceeds**" means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

"**Property**" means (i) the land and improvements known or to be known as San Diego Square Apartments, located in the City of San Diego, San Diego County, California, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Senior Security Instrument and/or the other Senior Loan Documents.

"**Senior Indebtedness**" means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"**Senior Loan Default**" means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Senior Security Instrument.

2. **Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination.**

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. Prior to a Senior Loan Default (regardless of whether such Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender) or otherwise has actual knowledge of such a Senior Loan Default, Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has actual knowledge or has been given notice, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion. Junior Lender hereby designates and appoints, irrevocably and coupled with an interest, Senior Lender (and all persons and entities designated by Senior Lender) as Junior Lender's true and lawful attorney-in-fact with power to endorse the name of Junior Lender upon any check or other instrument and to take any action necessary to collect any payment, property, or asset referred to in, or otherwise to effectuate the provisions of, this paragraph.

(c) Without limiting the complete subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors

(i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) The subordination of the Junior Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) The subordination of the Junior Loan Documents and of the Junior Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the Senior Security Instrument and other Senior Loan Documents and of the Junior Security Instrument and other Junior Loan Documents, and (ii) the availability of any collateral to Senior Lender, including the availability of any collateral other than the Property.

(f) By reason of, and without in any way limiting, the full subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, all rights and claims of Junior Lender under the Junior Security Instrument or under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

(g) If Junior Lender, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Junior Indebtedness and the Junior Loan Documents are subordinate pursuant to this Agreement.

(h) In confirmation, and not as a condition, of the subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, Junior Lender shall place on or attach to the Junior Note a notice to the following effect, and shall provide Senior Lender with a copy of the Junior Note showing such notice:

"The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to the indebtedness evidenced by the Note (as defined by that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by the Borrower in favor of the Housing Authority of the City of San Diego), in the original principal amount of $17,825,000, executed by Borrower and payable to the Housing Authority of the City of San Diego, as assigned to Citibank, N.A. ("**Senior Lender**") pursuant to that certain Assignment of Deed of Trust and Loan Documents, to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated as of November 1, 2014, between Senior Lender and the holder of this Note (the "**Subordination Agreement**"). The rights and remedies of the payee and each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of this Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the "Junior Lender" under the Subordination Agreement."

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder.

3. **Junior Lender Agreements.**

(a) Without the prior written consent of Senior Lender in each instance, Junior Lender shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Junior Loan Documents, or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a regularly scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness; or (v) appear in, defend or bring any action in connection with the Property; or (vi) take any action concerning environmental matters affecting the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall

not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Additionally, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following Senior Lender's receipt of an Enforcement Action Notice given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Senior Security Instrument.

(c) In the event and to the extent that each of Senior Lender and Junior Lender have under their respective loan documents certain approval or consent rights over the same subject matters (regardless of whether the obligations or rights are identical or substantially identical), Junior Lender agrees that Senior Lender shall exercise such approval rights on behalf of both Senior Lender and Junior Lender, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby. Junior Lender hereby irrevocably grants to Senior Lender a power of attorney, coupled with an interest, to take any actions or send any notices deemed necessary or appropriate by Senior Lender to effectuate the foregoing, either in the name of Senior Lender or in the name of Junior Lender. Without limiting the generality of the foregoing, Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender agrees that in any action commenced to enforce the obligation of Borrower to pay any portion of the Junior Indebtedness, the judgment shall not be enforceable personally against Borrower or Borrower's assets, and the recourse of Junior Lender for the collection of the Junior Indebtedness shall be limited to actions against the Property and the rents, profits, issues, products, and income from the Property.

(e) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. In order to implement the foregoing subordination provisions of this Agreement, Junior Lender hereby irrevocably authorizes and empowers Senior Lender to take such actions in its own name or in the name of Junior Lender as Senior Lender deems necessary or appropriate to effectuate the provisions of this Agreement. Junior Lender agrees that (i) Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property), (ii) Senior Lender may, in the name of Junior Lender or otherwise, demand, sue for, collect, receive and give receipt for any and all such payments or distributions, (iii) Senior Lender may, in its own name or in the name of Junior Lender, file, prove or vote or consent in any such proceeding with respect to any or all claims of Junior Lender relating to the Junior Loan (including without limitation, all proofs of claims regarding the Junior Loan and all Junior Lender voting rights in connection with creditor committee actions and in connection with any plan of liquidation, reorganization or extension), all of which rights are hereby irrevocably assigned by Junior Lender to Senior Lender, and (iv) the subordination of the Junior Loan and the Junior Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior has also voted affirmatively in favor of such plan (assuming Senior Lender has not exercised its rights hereunder to Junior Lender's voting rights), and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings. Junior Lender shall execute and deliver to Senior Lender powers of attorney, assignments or other instruments as may be requested by Senior Lender in order to enable it to exercise the above-described authority or powers with respect to any or all of the Junior Loan Documents, and to collect and receive any and all payments or distributions which may be payable or deliverable at any time upon or with respect to any of the Junior Loan Documents to Junior Lender. Junior Lender

hereby appoints Senior Lender as its true and lawful attorney-in-fact, with full power of substitution, for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments (including without limitation, any proof of claim, release or subordination of the Junior Loan Documents, or other instruments required to be executed by Junior Lender hereunder) which Senior Lender may deem necessary or appropriate to accomplish the purposes hereof, which appointment as attorney-in-fact is coupled with interest and is irrevocable.

(f) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loan, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loan, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Security Instrument, and may release or waive any guaranty, surety or indemnity providing additional collateral to Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in connection with any release of all or any portion of the Property by Senior Lender, to require the separate sales of any portion of the Property or to require Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guarantees) for the Senior Loan. Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Junior Lender. At any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents; (d) any Senior Loan Document may be modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness. If, after the occurrence of a Senior Loan Default, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with applicable law, the lien, operation, and effect of the Junior Security Instrument and other Junior Loan Documents automatically shall terminate with respect to such Property upon Senior Lender's acquisition of title.

(g) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(h) Junior Lender hereby represents and warrants that, as of the date hereof, the entire proceeds of the Junior Loan have been disbursed to Borrower. Junior Lender hereby further represents and warrants that: (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current principal balance of the Junior Indebtedness is $9,070,000; (vi) no scheduled monthly payments under the Junior Note have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; and (viii) there are no other Junior Loan Documents other than those listed on Schedule A hereto. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

(i) Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loan is outstanding, the maturity date of the Junior Note shall occur no earlier than one (1) month after the maturity date of the Senior Note.

4. **Standstill Agreement; Right to Cure Senior Loan Default.**

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Senior Security Instrument has been released and discharged, Junior Lender shall not without the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion, (i) accelerate the Junior Loan, (ii) exercise any of Junior Lender's remedies under the Junior Security Instrument or any of the other Junior Loan Documents (including, without limitation, the commencement of any judicial or non-judicial action of proceeding (a) to enforce any obligation of Borrower under any of the Junior Loan Documents, (b) to collect any monies payable to Borrower, (c) to have a receiver appointed to collect any monies payable to Borrower; or (d) to foreclose the lien(s) created by the Junior Security Instrument) or (iii) file or join in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower; provided, however, that such limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to (a) compute interest on

all amounts due and payable under the Junior Loan at the default rate described in the Junior Loan Documents, (b) compute prepayment premiums and late charges, and (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan Documents, any guaranty of the obligations of Borrower under the Junior Loan.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if Junior Lender shall elect to cure any such Default, it shall so notify Senior Lender and shall commence and complete such curing within any applicable notice or grace period, if any, as Borrower is permitted by the terms of the Senior Loan Documents to cure such Senior Loan Default. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

(d) Junior Lender agrees that, notwithstanding any contrary provision contained in the Junior Loan Documents, a Senior Loan Default shall not constitute a default under the Junior Loan Documents if no other default occurred under the Junior Loan Documents.

(e) Junior Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Junior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Junior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement, shall be subject to the transfer provisions of the Senior Loan Documents; and the person (including Junior Lender) who acquires title to the Property pursuant to the foreclosure proceeding (or pursuant to the exercise of a power of sale contained in the Junior Security Instrument) shall not be deemed to be automatically approved by Senior Lender.

5. **Insurance**. Junior Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence shall not preclude Junior Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower with respect to the Property, provided such action does not affect the priority of payment of the

proceeds of property damage insurance under the Senior Security Instrument, or that it be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

6. **Default.** Junior Lender and Borrower acknowledge and agree that a default by either such party under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

7. **Enforcement Costs.** Borrower and Junior Lender agree to reimburse Senior Lender for any and all costs and expenses (including reasonable attorneys' fees) incurred by Senior Lender in connection with enforcing its rights against Junior Lender under this Agreement.

8. **Notices.** Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender:	Housing Development Partners of San Diego 1335 5th Avenue San Diego, California 92101 Attention: Executive Director Facsimile: N/A E-mail: mpavco@hdpartners.org
with a copy to:	Downs Pham & Kuei LLP One Embarcadero Center, Suite 500 San Francisco, California 94111 Attention: Irene C. Kuei Facsimile: (415) 477-6748
If to Senior Lender:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, New York 10013 Attention: Transaction Management Group Deal ID# 22960 Facsimile: (212) 723- 8209

And to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Deal ID# 22960 Facsimile: (805) 557-0924
With a copy to:	Berkadia Commercial Mortgage LLC 118 Welsh Road Horsham, Pennsylvania 19044 Attention: Client Relations Manager Deal ID# 22960 Facsimile: (215) 441-7295
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Deal ID# 22960 Facsimile: (646) 291-5754

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. **JURY TRIAL WAIVER.** THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT.

10. **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents, other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; or (iv) the acquisition by Junior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Junior Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

11. **Miscellaneous.**

(a) Junior Lender shall, within ten (10) business days following a request

from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default or other material notice given by Junior Lender under the Junior Loan Documents.

(c) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender. Junior Lender may only assign its rights and interests hereunder following the prior written consent of Senior Lender, which consent may be withheld or conditioned in its sole and absolute discretion.

(d) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(e) This Agreement may be executed in counterpart originals, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this

Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (c) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(k) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(l) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Subordination and Intercreditor Agreement or caused this Subordination and Intercreditor Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above. The undersigned intend that this instrument shall be deemed to be signed and delivered as a sealed instrument.

JUNIOR LENDER:

HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO,
a California nonprofit public benefit corporation

By: _____
Michael Pavco
Executive Director

ALL PURPOSE ACKNOLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF San Diego)

On November 18, 2014 before me, Tina Kessler, Notary Public, personally appeared Michael Pauco, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

(Seal)

(signatures follow on subsequent page)

SENIOR LENDER:

CITIBANK, N.A.,
a national banking association

By: _____
Michael Hemmens
Vice President

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF VENTURA)

On November 17, 2014 before me, Cynthia K. Martinez, Notary Public, personally appeared Michael Hemmens, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

CYNTHIA K. MARTINEZ
Commission # 1965955
Notary Public - California
Ventura County
My Comm. Expires Jan 7, 2016

(NOTARY SEAL)

(signatures follow on subsequent page)

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

HDP BROADWAY, L.P.,
a California limited partnership

By: HDP Broadway Management, LLC,
a California limited liability company,
its Managing General Partner

By: Housing Development Partners of San Diego,
a California nonprofit public benefit corporation,
its Managing Member

By: _____
Michael Pavco
Executive Director

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)
COUNTY OF San Diego)

On November 18, 2014 before me, Tina Kessler, Notary Public, personally appeared Michael Pavco, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

Signature of Notary Public

(Seal)

EXHIBIT A

LEGAL DESCRIPTION

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

PARCEL 2:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

SCHEDULE A

JUNIOR LOAN DOCUMENTS

1. Subordinate Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of November 1, 2014, made by HDP Broadway, L.P., a California limited partnership, for the benefit of Housing Development Partners of San Diego, a California nonprofit public benefit corporation.

2. Promissory Note dated November 25, 2014, made by HDP Broadway, L.P., a California limited partnership, in favor of Housing Development Partners of San Diego, a California nonprofit public benefit corporation.

Recording requested by:
CHICAGO TITLE COMPANY

DOC # 2014-0517204

NOV 25, 2014 4:59 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 60.00 WAYS: 2
PAGES: 11

WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction Management Group/Post Closing
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Tanya Jimenez
Re: Deal ID# 22960

F8
11P
2w

7371400489-4
534-146-05; 760-214-04

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT concurrently herewith.

This SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "**Agreement**") dated as of November 1, 2014 between, **CITIBANK, N.A.**, a national banking association, its successors, transferees and assigns, having an address at 390 Greenwich Street, 2nd Floor, New York, New York 10013, Attention: Transaction Management Group/Post Closing, Deal ID# 22960 ("**Lender**"), and **COMMUNITY RESEARCH FOUNDATION**, a California nonprofit corporation, having and address at 1045 9th Avenue, San Diego, California 92101 ("**Tenant**"). The date of this Agreement as set forth above is for reference purposes only, and this Agreement will not be effective and binding until the Closing Date (as defined by the Borrower Loan Agreement).

RECITALS:

A. HDP Broadway, L.P., a California limited partnership (the "**Borrower**") has applied to Housing Authority of the City of San Diego, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (the "**Governmental Lender**") for a loan (the "**Borrower Loan**") for the acquisition, rehabilitation, development, equipping and/or operation of a 156-unit multifamily residential project for seniors known as San Diego Square Apartments (the "**Improvements**"), located in the City of San Diego, County of San Diego, California, on the real property described in Exhibit A attached to this Agreement and by this reference made a part of this Agreement (the "**Land**"; together with the Improvements, the "**Mortgaged Property**").

B. Borrower owns a leasehold interest in the Land pursuant to that certain City of San Diego Percentage Ground Lease dated effective as of May 24, 2013, as amended by that certain First Amendment to Percentage Ground Lease dated effective as of April 1, 2014, as further amended by that certain Second Amendment to Percentage Ground Lease dated effective as of November 20, 2014 and as further amended pursuant to that certain Addendum, Assignment, Assumption and Lessor Consent, Estoppel and Nondisturbance Agreement dated as of November 1, 2014, but made effective for all purposes as of November 25, 2014 (the "**Ground Lease**"). Borrower owns fee title to the Improvements.

C. The Borrower Loan is evidenced by that certain Multifamily Note dated the Closing Date in the original principal amount of $17,825,000 made by Borrower payable to the

order of Governmental Lender (the "**Note**") and that certain Borrower Loan Agreement dated as of the date hereof between Borrower and Governmental Lender (the "**Borrower Loan Agreement**").

D. The Borrower Loan is secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date hereof executed by Borrower for the benefit of Governmental Lender (the "**Security Instrument**"; together with the Note, the Borrower Loan Agreement and all other documents executed in connection with the Borrower Loan, including this Agreement, the "**Borrower Loan Documents**"), which Security Instrument encumbers the Mortgaged Property.

E. Borrower has requested that Funding Lender enter into that certain Funding Loan Agreement dated as of the date hereof, among Governmental Lender, MUFG Union Bank, N.A., a national banking association, as Fiscal Agent, and Funding Lender, pursuant to which Funding Lender will make a loan to Governmental Lender (the "**Funding Loan**"), the proceeds of which will be used to make the Borrower Loan pursuant to the Borrower Loan Agreement to Borrower.

F. The Note, the Security Instrument and the Borrower Loan Agreement shall each be assigned by Governmental Lender to Funding Lender to secure the Funding Loan.

G. Housing Development Partners of San Diego, a California nonprofit public benefit corporation ("**Landlord**") is the lessee of a portion of the Mortgaged Property, and more specifically, consisting of approximately 10,262 square feet within the Mortgaged Property, which includes 7,493 square feet on the first floor and 2,769 square feet on the second floor (the "**Commercial Space**") pursuant to that certain Agreement of Operating Lease by and between the Landlord, as lessee, and Borrower, as lessor, dated effective as of November 25, 2014 (the "**Operating Lease**").

H. By its terms, the Operating Lease is subordinate to the Security Instrument and will terminate in the event Lender or any other party becomes the owner of the Mortgaged Property by foreclosure, conveyance in lieu of foreclosure or otherwise, and in other circumstances described therein.

I. Tenant is the holder of a sub-leasehold estate in the Commercial Space pursuant to that certain Sublease made and entered into effective as of September 26, 2012 by Tenant, as lessee and Landlord (as successor in interest to San Diego Kind Corporation), as lessor, as amended by that certain First Amendment to Sublease dated October 29, 2012, and as further amended by that certain Second Amendment to Sublease dated as of November 25, 2014 (as amended, the "**Lease**").

J. Tenant has agreed that the Lease, and any amendments and extensions thereof, will be subject and subordinate to the Security Instrument, provided Tenant is assured of continued use of the Commercial Space demised to it under the terms of the Lease.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained, the parties hereto, intending to be legally bound hereby, promise, covenant and agree as follows:

1. The Lease and all estates, rights, options, liens and charges therein contained or created under the Lease are and shall be subject and subordinate to the lien and effect of the Security Instrument insofar as it affects the real and personal property of which the premises demised under the Lease form a part, and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances made or to be made thereunder, to the full extent of amounts secured thereby and interest thereon.

2. If Lender or any other party becomes the owner of the Mortgaged Property by foreclosure, conveyance in lieu of foreclosure or otherwise ("**Successor Landlord**"), takes possession of the Mortgaged Property, as mortgagee-in-possession or otherwise, or forecloses the Security Instrument or otherwise causes the Mortgaged Property to be sold pursuant to the Security Instrument, Successor Landlord agrees not to affect, terminate or disturb Tenant's right to quiet enjoyment and possession of the premises demised under the terms of the Lease or any of Tenant's other rights under the Lease in the exercise of Successor Landlord's rights under the Security Instrument so long as Tenant is not then in default under any of the terms, covenants or conditions of the Lease or this Agreement, notwithstanding the termination of Operating Lease (whether upon foreclosure, conveyance in lieu of foreclosure or otherwise).

3. In the event that Successor Landlord succeeds to the interest of the Landlord under the Lease and/or Borrower's leasehold interest in the Land and fee title to the Improvements, or upon the sale of the Mortgaged Property by Successor Landlord or its successors or assigns, Successor Landlord and Tenant hereby agree to recognize one another as landlord and tenant, respectively, under the Lease and to be bound to one another under all of the terms, covenants and conditions of the Lease, and Successor Landlord shall assume all of the obligations of the Landlord under the Lease, except as hereinafter provided. Accordingly, from and after such event, Successor Landlord and Tenant shall have the same remedies against each other for the breach of an agreement contained in the Lease as Tenant and Landlord had before Successor Landlord succeeded to the interest of the Landlord; provided, however, that Successor Landlord shall not be:

(a) liable for any act or omission of any prior landlord (including Landlord); or

(b) subject to any offsets or defenses that Tenant might have against any prior landlord (including Landlord); or

(c) bound by any rent or additional rent that Tenant might have paid for more than one month in advance to any prior landlord (including Landlord); or

(d) bound by any amendment or modification of the Lease made after the date of this Agreement without Successor Landlord's prior written consent; or

(e) liable for return of any security deposit, unless actually received by Successor Landlord.

4. Although the foregoing provisions of this Agreement shall be self-operative, Tenant agrees to execute and deliver to Successor Landlord or to any person to whom Tenant herein agrees to attorn, such other instrument or instruments as Successor Landlord or such other person shall from time to time request in order to confirm such provision.

5. Tenant hereby warrants and represents, covenants and agrees to and with Lender:

(a) not to alter or modify the Lease in any respect without prior written consent of Lender;

(b) to deliver to Lender at the address indicated above a duplicate of each notice of default delivered to Landlord at the same time as such notice is given to Landlord;

(c) that Tenant is now the sole owner of the sub-leasehold estate created by the Lease and shall not hereafter transfer the Lease except as permitted by the terms thereof;

(d) not to seek to terminate the Lease by reason of any default of Landlord without prior written notice thereof to Lender and the lapse thereafter of such time as under the Lease was offered to Landlord in which to remedy the default, and the lapse of 30 days after the expiration of such time as Landlord was permitted to cure such default; provided, however, that with respect to any default of Landlord under the Lease which cannot be remedied within such time, if Lender commences to cure such default within such time and thereafter diligently proceeds with such efforts and pursues the same to completion, Lender shall have such time as is reasonably necessary to complete curing such default. Notwithstanding the foregoing, in the event either Lender or Landlord do not cure or commence curing such default within the time provided to Landlord under the Lease and the nature of the default threatens Tenant's ability to conduct its daily business or threatens to materially or adversely damage tenant's property located on the premises demised under the Lease, Tenant shall be permitted to exercise its right under the Lease;

(e) not to pay any rent or other sums due or to become due under the Lease more than 30 days in advance of the date on which the same are due or to become due under the Lease;

(f) to certify promptly in writing to Lender in connection with any proposed assignment of the Security Instrument, whether or not any default on the part of Landlord then exists under the Lease; and

(g) upon receipt from Lender of notice of any default by Landlord under the Security Instrument, to pay to Lender directly all rent and other sums due under the Lease.

6. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns.

7. This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction in which the Mortgaged Property is located.

8. If the Security Instrument is a deed of trust, then, this Agreement is entered into by one or more trustees of Lender in his or her capacity as trustee and not individually. Tenant agrees that:

(a) neither the trustees, nor the officers, employees, agents or shareholders of the Lender shall be personally liable hereunder; and

(b) Tenant and all others shall look solely to the interest of the Lender or Successor Landlord in the Mortgaged Property for the payment of any claim hereunder or for the performance of any obligation, agreement, contribution or term to be performed or observed by it hereunder or under the Security Instrument of any other agreement or document securing or collateral to the Security Instrument.

9. This Subordination Agreement may be executed in counterparts, each of which shall constitute an original and which, collectively, shall comprise one and the same agreement.

10. (a) All notices, demands and other communications ("**Notices**") under or concerning this Agreement must be in writing. Each Notice shall be addressed to the intended recipient at its address set forth in this Agreement, and will be deemed given on the earliest to occur of (1) the date when the Notice is received by the addressee; (2) the first Business Day after the Notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery; or (3) the third Business Day after the Notice is deposited in the United States mail with postage prepaid, certified mail, return receipt requested. The term "**Business Day**" means any day other than a Saturday, a Sunday or any other day on which Lender is not open for business.

(b) Any party to this Agreement may change the address to which Notices intended for it are to be directed by means of Notice given to the other party in accordance with this Section. Each party agrees that it will not refuse or reject delivery of any Notice given in accordance with this Section, that it will acknowledge, in writing, the receipt of any Notice upon request by the other party and that any Notice rejected or refused by it will be deemed for purposes of this Section to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

Any Notice, if given to Lender, must be addressed as follows:

Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Transaction Management Group
Deal ID# 22960
Facsimile: (212) 723-8209

And to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Deal ID# 22960 Facsimile: (805) 557-0924
With a copy to:	Berkadia Commercial Mortgage LLC 118 Welsh Road Horsham, Pennsylvania 19044 Attention: Client Relations Manager Deal ID# 22960 Facsimile: (215) 441-7295
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street New York, New York 10013 Attention: General Counsel's Office Deal ID# 22960 Facsimile: (646) 291-5754

Any Notice, if given to Tenant, must be addressed as follows:

Community Research Foundation
1202 Morena Blvd., Suite 300
San Diego, California 92110
Attention: Executive Director
Facsimile: (619) 275-1422

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the date and year first above written.

TENANT:

COMMUNITY RESEARCH FOUNDATION,
a California nonprofit corporation

By: _____
Bob Marchetti
Chief Financial Officer

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF San Diego)

On Nov 18, 2014 before me, RICARDO ARROYO GUERRERO, Notary Public, personally appeared Bob Marchetti, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

RICARDO ARROYO GUERRERO
Commission # 1991150
Notary Public - California
San Diego County
My Comm. Expires Oct 5, 2016

(NOTARY SEAL)

LENDER:

CITIBANK, N.A.,
a national banking association

By: _____
Michael Hemmens
Vice President

ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF VENTURA)

On November 17, 2014 before me, Cynthia K. Martinez, Notary Public, personally appeared Michael Hemmens, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

CYNTHIA K. MARTINEZ
Commission # 1965955
Notary Public - California
Ventura County
My Comm. Expires Jan 7, 2016

(NOTARY SEAL)

EXHIBIT A

DESCRIPTION OF THE LAND

Situate in the City of San Diego, County of San Diego, State of California, described as follows:

PARCEL 1:

ALL BUILDINGS AND IMPROVEMENTS SITUATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

PARCEL 2:

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

APN/Parcel ID(s): 760-214-04-00

DOC # 2014-0063696

FEB 14, 2014 3:40 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 21.00
OC: OC TAX: N.D.
PAGES: 3

RECORDING REQUESTED BY
Chicago Title Company

AND WHEN RECORDED MAIL TO

Housing Development Partners of San Diego
1335 Fifth Avenue
San Diego, CA 92101
Attn: Michael Pavco

Escrow No. 73711011530
Title Order No. 73711011530

SD Kind Grant to HDP
(improvements only)

GRANT DEED

APN: 760-214-04-00

The undersigned declares that the Documentary Transfer Tax is as set forth on a separate declaration.

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(Additional Recording Fee Applies)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Development Partners of San Diego
1335 Fifth Avenue
San Diego, CA 92101
Attention: Michael Pavco

APNs: 760-214-04-00

THIS SPACE FOR RECORDER'S USE ONLY

GRANT DEED

San Diego Kind Corporation, a California nonprofit public benefit corporation

hereby grants to

Housing Development Partners of San Diego, California nonprofit public benefit corporation

all of its right, title, and interest in and to all buildings and improvements situated on Lots A, B, C, D, E, F, G, H, I, J, K and L in Block 31 of Horton's Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by L.L. Lockling filed in the Office of the County Recorder of San Diego, which buildings and improvements are and shall remain real property.

Dated: 2.07, **2014**

San Diego Kind Corporation,
a California nonprofit public
benefit corporation

By: Fran E. Kilburg
Fran E. Kilburg, Treasurer/Secretary

ACKNOWLEDGMENT

STATE OF CALIFORNIA }
} ss
COUNTY OF SAN DIEGO }

On Feb. 7, 2014, before me, Cynthia C. Reinbolt, a Notary Public in and for said State, personally appeared

Francis E. Kilburg, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

CYNTHIA C. REINBOLT
Commission # 1958260
Notary Public - California
San Diego County
My Comm Expires Oct 27, 2015

Cynthia Reinbolt

DOC # 2014-0063695

FEB 14, 2014 3:40 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 21.00
OC: OC

PAGES: 3

RECORDING REQUESTED BY
Chicago Title Company

AND WHEN RECORDED MAIL TO

San Diego Kind Corporation
1045 9th Avenue
San Diego, CA 92101

Escrow No. 73711011530
Title Order No. 73711011530

City grant to SD Kind
(improvements only)

QUITCLAIM DEED

APN: 760-214-04-00

The undersigned declares that the Documentary Transfer Tax is being paid with the Grant Deed that is recording concurrently herewith.

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(Additional Recording Fee Applies)

RECORDING REQUESTED BY, AND WHEN RECORDED MAIL TO And Mail Tax Statements To:

San Diego Kind Corporation
1045 9th Avenue
San Diego, CA 92101

APN 760-214-04

SPACE ABOVE FOR RECORDER'S USE

The undersigned Grantor(s) declare(s) this document is exempt from payment of a recording fee pursuant to Government Code Section 6103

Tax signature:

QUITCLAIM DEED

THE CITY OF SAN DIEGO,
a California municipal corporation ("City")

HEREBY QUITCLAIMS TO

SAN DIEGO KIND CORPORATION,
a California nonprofit public benefit corporation ("Kind")

ALL OF ITS RIGHT, TITLE AND INTEREST in and to all buildings and improvements situated on Lots A, B, C, D, E, F, G, H, I, J, K and L in Block 31 of Horton's Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by L.L. Lockling filed in the Office of the County Recorder of San Diego, which buildings and improvements are and shall remain real property, RESERVING THEREFROM all rights of reversion under that certain GROUND LEASE by and between City and Kind dated September 14, 1979, recorded in the Official Records of San Diego County, California, on September 25, 1979, as File No. ~~1979-040096~~ **79-0400961, and amended by that certain FIRST AMENDMENT TO LEASE dated as of May 29, 2013 (the "Lease"), including without limitation those rights provided in Lease Section IV. Covenants and Conditions, C. Restrictive Conditions, 8. Ownership of Improvements.

Date: 2/6/14, **2014**

THE CITY OF SAN DIEGO,
a California municipal corporation

BY: _____
JAMES F. BARWICK, CCIM
Director, Real Estate Assets Department

Approved as to form and legality:

JAN I. GOLDSMITH, City Attorney

By: _____
Name: Jeremy Fonseca
Title: Deputy City Attorney
Date: 2/6/14

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of CA
County of San Diego

On 2/6/2014 (HERE INSERT DATE) before me, Jeffrey J Wallace, Notary Public (HERE INSERT NAME AND TITLE OF THE OFFICER [NOTARY])

Notary Public, personally appeared James F Barwick, CCIM (HERE INSERT NAME[S] OF SIGNER[S])

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is/are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal:

[PLACE NOTARY SEAL ABOVE]

JEFFREY J. WALLACE
Commission # 1975330
Notary Public - California
San Diego County
My Comm. Expires Apr 16, 2016

Recording requested by:
CHICAGO TITLE COMPANY

73711011530

~~RECORDING REQUESTED BY AND~~
WHEN RECORDED MAIL TO:

Local Initiatives Support Corporation
501 Seventh Avenue, 7th Floor
New York, New York 10018
Attention: Legal Department

LISC P.A. No. 42764-0006-0008

DOC # 2014-0063698

FEB 14, 2014 3:40 PM
OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 129.00 WAYS: 4
DA: 1
PAGES: 23

Space above this line for Recorder's use

DEED OF TRUST, ABSOLUTE ASSIGNMENT OF RENTS AND AGREEMENTS, SECURITY AGREEMENT AND FIXTURE FILING

This Deed of Trust, Absolute Assignment of Rents and Agreements, Security Agreement and Fixture Filing (this "Deed of Trust"), is made as of the 31st day of January 2014, among **HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO**, a California non-profit public benefit corporation, with its principal offices located at 1335 5th Avenue, San Diego, California 92101 ("Trustor"), **CHICAGO TITLE COMPANY**, a California corporation, with an office located at 2365 Northside Drive, Suite 600, San Diego, California 92108 ("Trustee"), and **LOCAL INITIATIVES SUPPORT CORPORATION**, a New York not-for-profit corporation, with its principal offices located at 501 Seventh Avenue, 7th Floor, New York, New York 10018 ("Beneficiary").

Whereas, Trustor is the owner of: (i) a leasehold estate in certain tract(s) or parcel(s) of land located in San Diego County, California, and more specifically described in **Exhibit A** attached hereto and incorporated herein by this reference (the "Land"), created by virtue of a ground lease dated as of September 14, 1979, between the City of San Diego, as lessor, and San Diego Kind Corporation ("Former Tenant"), as lessee, a copy of which was recorded on September 25, 1979, as instrument no. 1979-0400961, in the official public records of San Diego County, California, as amended by the first amendment to lease dated as of May 29, 2013, between the City of San Diego and Former Tenant, a memorandum of which was recorded on February 14, 2014, as instrument no. 2014-0063694, in the official public records of San Diego County, California (the "Ground Lease"); which Ground Lease was assigned by Former Tenant to Trustor, and assumed by Trustor, pursuant to the Assignment and Assumption Agreement, dated February 7, 2014, by and between Former Tenant and Trustor, a copy of which was recorded on February 14, 2014, as instrument no. 2014-0063697, in the official public records of San Diego County, California; and (ii) a fee

interest in all building and improvements situated on the Land, and more specifically described in **Exhibit A** attached hereto and incorporated herein by this reference, which fee interest was assigned by Former Tenant to Trustor pursuant to the Grant Deed, dated February 7, 2014, issued by Former Tenant in favor of Trustor, a copy of which was recorded on February 14, 2014, as instrument no. 2014-0063697, in the official public records of San Diego County, California (the "Grant Deed").

Witnesseth: THAT TRUSTOR IRREVOCABLY MORTGAGES, GRANTS, TRANSFERS, PLEDGES, SETS OVER AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, THE FOLLOWING PROPERTY:

GRANTING CLAUSE ONE

The leasehold estate (the "Leasehold Estate") in the tract(s) or parcel(s) of land constituting the Land created by virtue of the Ground Lease, and all rights and privileges created under the Ground Lease, and all additional lands, estates, and development rights hereafter acquired by Trustor for use in connection with the Leasehold Estate or the Land.

GRANTING CLAUSE TWO

TOGETHER WITH, all right, title, and interest of Trustor, including without limitation the fee interest of Trustor, whether now owned or hereafter acquired, in and to any and all buildings and improvements now or hereafter located or erected on the Land, including, without limitation, any and all machinery, apparatus, equipment and fixtures now or hereafter attached to or used or procured for use in connection with the operation and/or maintenance of, any building, structure or other improvement (including, without limitation, all refrigerators, shades, awnings, venetian blinds, screens, screen doors, storm doors and windows, stoves and ranges, curtain fixtures, partitions, attached floor coverings and fixtures, apparatus, equipment or articles used to supply sprinkler protection and waste removal, laundry equipment, furniture, furnishings, appliances, office equipment, elevators, escalators, tanks, dynamos, motors, generators, switchboards, communications equipment, electrical equipment, television and radio systems, heating, plumbing, lifting and ventilating apparatus, air-cooling and air conditioning apparatus, gas and electric fixtures, fittings and machinery and all other equipment of every kind and description but excluding trade fixtures and personal property of tenants under Leases (as hereinafter defined) which do not become the property of Trustor upon expiration or termination of the term of such Leases), and all renewals and replacements thereof and articles in substitution therefor used or procured for use in the operation of any and all such buildings, structures and improvements, provided, in all cases, that, whether or not any of the foregoing are attached to said buildings, structures or other improvements in any manner, all such items shall be deemed to be fixtures, part of the real estate and security for the Obligations (collectively, the "Improvements"; and the Land and Improvements are herein collectively called the "Premises"; and any fee interest of Trustor in and to the Improvements is herein called the "Fee Interest"). To the extent any of the Improvements are not deemed real estate under the laws of the State of California they shall be deemed personal property ("Personal Property") and this Deed of Trust is and shall be deemed to be a Security Agreement for

the purposes of creating hereby a security interest under the Uniform Commercial Code of the State of California in Beneficiary as secured party in the Personal Property as hereinafter provided.

GRANTING CLAUSE THREE

TOGETHER WITH, all right, title, and interest of Trustor, whether now owned or hereafter acquired, in and to all easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights, and powers (whether or not appurtenant), and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments, air rights, development rights and credits and appurtenances of any nature whatsoever, in any way belonging, relating or pertaining to, or above or below the Premises.

GRANTING CLAUSE FOUR

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

GRANTING CLAUSE FIVE

TOGETHER WITH, all accounts, accounts receivable, chattel paper, insurance claims, general intangibles, instruments, documents, contract rights, interests, estates and other claims, both at law and in equity, which Trustor now has or may hereafter acquire in the Premises or arising out of or related to Trustor's ownership of such property.

GRANTING CLAUSE SIX

TOGETHER WITH, all the estate, interest, right, title and other claim or demand which Trustor now has or may hereafter acquire in any and all awards or payments made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Premises, including, without limitation, any rewards resulting from a change or grade of streets and awards for severance damages together, in all cases, with any interest thereon.

GRANTING CLAUSE SEVEN

TOGETHER WITH, all right, title, and interest of Trustor, whether now owned or hereafter acquired, in and to all proceeds of and any unearned premiums on any insurance policies covering the Premises, including, without limitation, the right to receive and apply the proceeds of any insurance or judgments, or settlements made in lieu thereof, for damage to the Premises.

GRANTING CLAUSE EIGHT

TOGETHER WITH, all right, title, and interest of Trustor, whether now owned or hereafter acquired, in and to all agreements and contracts whatsoever pertaining to the operation of the

Premises and any and all agreements, permits and contracts whatsoever pertaining to the construction of Improvements (collectively, referred to as the "Agreements"), as the same may be amended or otherwise modified from time to time, including, without limitation, the right of Trustor to terminate any of the Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder, together with the immediate and continuing right to collect and receive all sums which may become due to Trustor, or to which Trustor may now or shall hereafter become entitled to demand or claim, arising or issuing from or out of the Agreements, including, without limitation, claims of Trustor for damages arising out of or for breach of or default under any of the Agreements and all rights of Trustor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to any of the Agreements.

GRANTING CLAUSE NINE

TOGETHER WITH, all the estate, interest, right, title and other claim or demand which Trustor now has or may hereafter acquire against anyone with respect to any damage to all or any part of the Premises, including, without limitation, damage arising or resulting from any defect in or with respect to the design or construction of all or any part of the Improvements.

GRANTING CLAUSE TEN

TOGETHER WITH, all deposits or other security or advance payments, including rental payments, made by or on behalf of Trustor to others in connection with the ownership or operation of all or any part of the Premises including, without limitation, any such deposits or payments made with respect to (i) insurance policies, (ii) utility service, (iii) cleaning, maintenance, repair or similar services, (iv) refuse removal or sewer service, (v) rental of equipment, if any, used by or on behalf of Trustor, and (vi) parking or similar services or rights.

GRANTING CLAUSE ELEVEN

TOGETHER WITH, all remainders, reversions, leasehold estates, other estate, right, title, interest and other claim or demand of Trustor in and to all leases or subleases covering the Premises or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, including, without limitation, all cash or security deposits, advance rentals and deposits or payments of similar nature.

GRANTING CLAUSE TWELVE

TOGETHER WITH, absolutely and presently, all rents, issues, profits, cash collateral, royalties, income and other benefits, including, without limitation, benefits accruing from all present and future oil, gas and mineral leases.

GRANTING CLAUSE THIRTEEN

TOGETHER WITH, all appurtenances in respect of or otherwise relating to the Ground Lease, including, without limitation, any renewal option and expansion rights, and all estate and rights of

Trustor of, in and to (i) all modifications, extensions, and renewals of the Ground Lease; (ii) all rights and privileges of the lessee under the Ground Lease to terminate, surrender, modify or amend the Ground Lease; (iii) all credits to and deposits of Trustor under the Ground Lease; (iv) all options, privileges and rights granted to the lessee under the Ground Lease, including, without limitation, any right of first refusal and any option to purchase or acquire fee ownership of the Land; and (v) any and all possessory rights of Trustor and other rights or privileges of possession, including, without limitation, the right to remain in possession of the Land and the Leasehold Estate pursuant to Section 365(h)(a) of the Bankruptcy Code.

All of the foregoing property of whatever kind, described or mentioned above and subject to this Deed of Trust or intended to be so, is sometimes referred to, below, as the "Secured Property".

For the Purpose of Securing (1) Performance of each agreement of Trustor contained in this Deed of Trust; (2) Payment of the indebtedness evidenced by a promissory note dated January 31, 2014, and any extension or renewal thereof, in the principal amount of SEVEN MILLION NINE HUNDRED THOUSAND AND NO/100 DOLLARS ($7,900,000) executed by Trustor in favor of Beneficiary or order (the "Note"); (3) Performance of each of the covenants and obligations set forth in the loan agreement by and between Trustor and Beneficiary dated January 31, 2014, and any amendment, modification or supplement thereto (the "Loan Agreement"); and (4) Payment of such further sums as the then record owner of the Secured Property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured. This Deed of Trust, the Note, the Loan Agreement and the other documents now or hereafter evidencing or securing the Note are collectively referred to below as the "Loan Documents."

A. To protect the security of this Deed of Trust, Trustor agrees:

1. To keep the Secured Property in good condition and repair (normal wear and tear excepted); not to remove or demolish, or permit the removal or demolition of, any building thereon; to complete or restore, or cause to be completed or restored, promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply or cause to be complied with all laws affecting the Secured Property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Secured Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Secured Property may be reasonably necessary, the specific enumeration's herein not excluding the general.

2. To provide, maintain and deliver, or cause to be provided, maintained and delivered, to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. Beneficiary shall permit insurance proceeds held by Beneficiary to be used for repair or restoration but may condition such application upon reasonable conditions, including, without limitation: (i) the deposit with Beneficiary of such additional funds which Beneficiary reasonably determines are needed to pay all costs of the repair or restoration, (including, without limitation, taxes, financing charges, insurance and rent during the repair period); (ii) the establishment of an arrangement for lien releases and disbursement of funds acceptable to Beneficiary; (iii) the delivery to Beneficiary of plans and

specifications for the work, a contract for the work signed by a contractor acceptable to Beneficiary in the reasonably exercise of its discretion, a cost breakdown for the work and a payment and performance bond for the work, all of which shall be acceptable to Beneficiary; and (iv) the delivery to Beneficiary of evidence acceptable to Beneficiary (aa) that after completion of the work the income from the Secured Property will be sufficient to pay all expenses and debt service for the Secured Property; (bb) of the continuation of leases acceptable to and required by Beneficiary; (cc) that upon completion of the work, the capacity and total value of the Secured Property will be at least as great as it was before the damage or condemnation occurred; (dd) that there has been no material adverse change in the financial condition or credit of Trustor since the date of this Deed of Trust; and (ee) of the satisfaction of any additional conditions that Beneficiary may reasonably establish to protect its security. Trustor acknowledges that the conditions described above are reasonable, and, if such conditions have not been satisfied within one hundred eighty (180) days of receipt by Beneficiary of such insurance proceeds, then Beneficiary may apply such insurance proceeds to pay down principal of the indebtedness secured by this Deed of Trust in such order and amounts as Beneficiary in its sole discretion may choose. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

3. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

4. To pay or cause to be paid: before delinquency all taxes and assessments affecting the Secured Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Secured Property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Deed of Trust.

Should Trustor fail to make any payment, or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Secured Property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay its reasonable fees.

5. To pay or cause to be paid immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

1. That any award of damages in connection with any condemnation for public use of or injury to the Secured Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

2. That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

3. That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of the Secured Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

4. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note or notes to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the Secured Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5. That all of the existing and future rents, royalties, profits, fees, and income, of the Secured Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. Trustor irrevocably appoints Beneficiary as its true and lawful attorney-in-fact at the option of Beneficiary at any time and from time to time to demand, receive and enforce payment, give receipts or releases and sue in the name of Trustor or Beneficiary for all such rents, royalties, profits, fees, and income. However, until Trustor is in an "Event of Default" (as defined below) under this Deed of Trust, Trustor will have a license to demand, receive and enforce payment, give receipts or releases and sue in the name of Trustor for all such rents, royalties, profits, fees, and income. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion at any time without notice to Trustor and may thereafter collect the rents, royalties, profits, fees, and income, itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, profits, fees, and income, will make Beneficiary a "mortgagee-in-possession" of the Secured Property, unless Beneficiary personally or by agent enters into actual possession of the Secured Property. Following an Event of Default hereunder, Beneficiary shall be entitled (without notice and regardless of the adequacy of Beneficiary's security) to the appointment of a receiver, Trustor hereby consenting to the appointment of such receiver, and the receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receivers, all the rights and powers granted to Beneficiary in this paragraph 5. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, profits, fees, and

income, collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, including, without limitation, reasonable attorneys' fees, and then to the payment of all costs of operation and management of the Secured Property, and then to the payment of the indebtedness and obligations secured by this Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security.

Without the prior written consent of Beneficiary, Trustor shall not in any manner impair Beneficiary's interest in the rents, royalties, profits, fees, and income, of the Secured Property. Upon Beneficiary's request, Trustor will execute and deliver to Beneficiary such assignments of leases or agreements, whether for recordation or not, as Beneficiary may request on Beneficiary's form.

6. That this Deed of Trust is intended to be a security agreement pursuant to the California Uniform Commercial Code for any of the items specified above as part of the Secured Property which, under applicable law, may be subject to a security interest pursuant to the California Uniform Commercial Code, and Trustor hereby grants Beneficiary a security interest in said items. Trustor agrees that Beneficiary may file this Deed of Trust, or a reproduction thereof, in the appropriate records or index for California Uniform Commercial Code filings as a financing statement for any of the items specified above as part of the Secured Property. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor authorizes Beneficiary, from time to time, to file any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this instrument in such form as Beneficiary may deem appropriate to perfect a security interest with respect to said items. Trustor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements Beneficiary may reasonably require. Without the prior written consent of Beneficiary, Trustor shall not create or suffer to be created pursuant to the California Uniform Commercial Code any other security interest in said items, including replacements and additions thereto. Upon Trustor's breach of any covenant or agreement of Trustor contained in this Deed of Trust, including the covenants to pay when due all sums secured by this deed of Trust, Beneficiary shall have the remedies of a secured party under the California Uniform Commercial Code and, at Beneficiary's option, may also invoke the remedies provided in paragraph 9 of this Deed of Trust as to such items. In exercising any of said remedies, Beneficiary may proceed against the items of real property and any items of Personal Property specified above as part of the Secured Property separately or together and in any order whatsoever, without in any way affecting the availability of Beneficiary's remedies under the California Uniform Commercial Code or of the remedies provided in paragraph 9 of this Deed of Trust.

7. That this Deed of Trust is intended to be and is to be recorded as a "fixture filing" as defined in Section 9-102 of the Uniform Commercial Code, as enacted in the State of California, and covers goods that are or are to become fixtures.

8. That the occurrence of any one or more of the following shall constitute an "Event of Default" hereunder:

(a) Trustor fails to make any payment within ten (10) days after the date on which such payment is due under the Note, this Deed of Trust, the Loan Agreement, or any of the other Loan Documents; or

(b) Trustor fails to perform or observe any other covenant, agreement or obligation under the Note, this Deed of Trust, the Loan Agreement, or any of the other Loan Documents and such failure continues unremedied for a period of thirty (30) days after written notice has been given to Trustor by Beneficiary, or, if such failure is not reasonably capable of being remedied within such period of thirty (30) days, Trustor has not commenced remedial action or is not proceeding with diligent efforts to remedy such failure; provided, however, that no notice or remedial period shall apply to any event specifically described elsewhere in this paragraph 8 or with respect to a default under paragraph (a) or (b) of Section 8.5 of the Loan Agreement; or

(c) Any representation or warranty made by Trustor in the Note, this Deed of Trust, the Loan Agreement, or any of the other Loan Documents, or any statement or representation made in any certificate, report or opinion delivered pursuant thereto proves to have been false, misleading or incorrect in any material respect when made or deemed made; or

(d) Trustor becomes insolvent; fails or ceases to pay its debts as they mature; makes an assignment for the benefit of creditors; files a petition in bankruptcy; is adjudicated insolvent or bankrupt; petitions or applies to any tribunal for the appointment of any receiver or any trustee; or commences any proceeding under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or any such proceeding is commenced against Trustor which is not dismissed with a period of sixty (60) days, or Trustor, by any act indicates its consent to, approval of, or acquiescence in any such proceeding or the appointment of any receiver of or any trustee for it or any substantial part of its property, or suffers any such receivership or trusteeship to continue undischarged for a period of sixty (60) days; or

(e) A default or event of default otherwise occurs under the Note, the Loan Agreement, or the other Loan Documents, subject to the extent applicable thereto, to any notice and cure or grace periods in the Loan Agreement.

9. That upon the occurrence of an Event of Default, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold the Secured Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Secured Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Secured Property by public

announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Secured Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. That upon the request of Trustor, Beneficiary may hereafter, at its option, at any time before full payment of the indebtedness secured hereby, make further advances to Trustor, and the same, with interest and late charges, shall be secured by this Deed of Trust.

11. That any action by Beneficiary to obtain performance under the Loan Agreement of an obligation other than repayment of the debt evidenced by the Note and secured by this Deed of Trust shall not constitute an "action" within the meaning of California Code of Civil Procedure §726, and Trustor waives any defense it might otherwise have based on the "one-action" rule in any subsequent proceeding involving Beneficiary's foreclosure rights under this Deed of Trust

12. That Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Secured Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

13. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

14. That Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

15. That the Addendum attached to this Deed of Trust is made a part of and incorporated by this reference in this Deed of Trust as fully as though set forth at length.

[remainder of page intentionally left blank]

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address hereinbefore set forth.

SEE ADDENDUM ATTACHED TO AND MADE A PART OF THIS DEED OF TRUST FOR ADDITIONAL PROVISIONS.

TRUSTOR:

HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO, a California non-profit public benefit corporation

By: _____
Name: Michael Pavco
Title: Executive Director

[ALL SIGNATURES MUST BE ACKNOWLEDGED BY A NOTARY PUBLIC]

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

On January 17, 2014, before me, Tina Kessler, a Notary Public, personally appeared Michael Pareo who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that ~~s~~/he executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

Notary Public
My Commission Expires 12/8/2016

(Official Notarial Seal)

NOTARY SEAL CERTIFICATION

(Government Code 27361.7)

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

Name of the Notary: Tina Kessler

Commission Number: 1997852 Date Commission Expires: 12/8/2016

County Where Bond is Filed: San Diego, CA

Manufacturer or Vendor Number: NR01
(Located on both sides of the notary seal border)

Signature: P. Meredith / CHICAGO TITLE COMPANY
Firm Name (if applicable)

Place of Execution: San Diego Date: 2,13,2014

ADDENDUM TO DEED OF TRUST

1. Due on Sale Clause.

(a) Trustor acknowledges that the continuous ownership of the Secured Property by Trustor is a material inducement to Beneficiary's agreement to enter into the transaction hereinabove described and Beneficiary's agreement in connection with the indebtedness secured hereby. Trustor agrees that, except as otherwise provided herein or in any other agreement between Trustor and Beneficiary in connection with the indebtedness secured hereby, Trustor will not, whether voluntarily or involuntarily, (i) sell, grant, convey, assign, otherwise transfer by operation of law, or other/wise permit to be the subject of a transfer (the foregoing are collectively referred to as "Transfer"), (ii) enter into an agreement to Transfer, or (iii) grant an option, execute a deed of trust or mortgage, or take any action which pursuant to the terms of any agreement to which Trustor is a party may result in a Transfer of the Secured Property or any legal, beneficial or equitable interest therein.

(b) Any person or legal representative of Trustor to whom Trustor's interest in the Secured Property passes by operation of law, or otherwise, shall be bound by the provisions of this Deed of Trust.

(c) The provisions of this paragraph 1 shall apply to each and every Transfer of all or any portion of the Secured Property or any legal or equitable interest therein, regardless of whether or not Beneficiary has consented to, or waived by its action or inaction its rights hereunder with respect to, any previous Transfer of all or any portion of the Secured Property or any legal or equitable interest therein.

(d) In the event that Trustor shall Transfer the Secured Property or cause or permit a Transfer of the Secured Property or any legal, beneficial or equitable interest therein, without Beneficiary's prior written consent, Beneficiary may elect to declare the indebtedness secured hereby, together with any other sums secured hereby, immediately due and payable. Beneficiary may withhold its consent to any proposed Transfer for any reason, including the failure of the prospective transferee of the Secured Property to reach an agreement in writing with Beneficiary increasing the interest payable on the indebtedness secured hereby to such rate as Beneficiary shall request.

2. Representations Regarding Ground Lease. To the best knowledge of Trustor, after due inquiry, Trustor represents and warrants to Beneficiary as follows:

(a) The Ground Lease is a valid and subsisting lease of the Land and is in full force and effect in accordance with its terms, and has not been amended or modified in any respect.

(b) All rents (including additional rents and other charges) reserved in the Ground Lease have been paid to the extent that they were payable prior to the date of this Deed of Trust.

(c) Except as previously disclosed to Beneficiary, no event of default has occurred and is continuing under the Ground Lease and no event has occurred or is occurring which, with the passage of time or service of notice or both, would constitute an event of default under the Ground Lease.

(d) No event of default has occurred and is continuing under the Ground Lease and no event has occurred or is occurring which, with the passage of time or service of notice or both, would constitute an event of default under the Ground Lease, which could reasonably be expected to have a material adverse effect on (i) this Deed of Trust or the ability of Trustee or Beneficiary to enforce its rights and remedies hereunder or of Beneficiary to enforce its rights and remedies under the other Loan Documents, (ii) Trustor's right, title, and interest in and to the Ground Lease, (iii) the ability of Trustor to carry out its obligations under this Deed of Trust, the Loan Agreement, or the other Loan Documents, or (iv) the value of Trustor's Leasehold Estate in the Land and its Fee Interest in the Improvements.

(e) The Ground Lease and the Premises are subject to no liens or encumbrances other than as set forth in the Beneficiary's title insurance policy insuring the lien of this Deed of Trust, a copy of which has been furnished to Trustor.

(f) Trustor is the sole lawful owner of the Leasehold Estate created by the Ground Lease, and the Fee Interest created by the Grant Deed, and has the right and authority under the Ground Lease to execute this Deed of Trust and to encumber the Leasehold Estate as provided in this Deed of Trust. The execution of the Ground Lease does not violate the terms or provisions of any other document to which Trustor is a party or by which its property may be bound or affected.

3. Covenants Regarding Ground Lease

(a) Trustor shall promptly perform and observe all the terms, covenants and conditions required to be performed and observed by Trustor as lessee under the Ground Lease within the periods provided in the Ground Lease, and shall do all things necessary to preserve and keep unimpaired its rights under the Ground Lease. Trustor shall furnish Beneficiary, upon demand, proof of payment of all items required to be paid by Trustor pursuant to the Ground Lease.

(b) Trustor shall not waive any of its rights under the Ground Lease, or refrain from exercising any right or remedy accorded to it under the Ground Lease on account of any default by the lessor under the Ground Lease, or release the lessor from any liability or condone or excuse any improper actions of the lessor under the Ground Lease, without first obtaining Beneficiary's written consent.

(c) In the event Trustor shall violate any of the covenants specified in paragraph 3(a) above, then Beneficiary shall have the right (but shall not be obligated) to take any action as Beneficiary may deem necessary or desirable to prevent or cure any default of Trustor under the Ground Lease or any default of the lessor under the Ground Lease, it being agreed upon receipt by Beneficiary from the lessor under the Ground Lease of any notice of default, Beneficiary shall be entitled to rely on such notice and take any of the aforesaid action even though Trustor denies or questions the existence of any such default, and shall have the immediate right to enter all or any portion of the Land at such times and in such manner as Beneficiary deems appropriate in order to prevent or to cure any such default.

(d) For the purpose of preventing or curing any default by Trustor under the Ground Lease, Beneficiary may do any act or execute any document in the name of Trustor or as its attorney-in-fact, as well as in the name of Beneficiary. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact in its name or otherwise to do any and all acts and to execute any and all documents which in the opinion of Beneficiary may be necessary or desirable to prevent or cure any default under the Ground Lease or to preserve any rights of Trustor in, to or under the Ground Lease, or any sublease of the Ground Lease, including the right to effectuate a renewal of the Ground Lease or to preserve any rights of Trustor in respect to any part of the Land.

(e) The curing by Beneficiary of any default by Trustor under the Ground Lease shall not remove or waive, as between Trustor and Beneficiary, the default which occurred under this Deed of Trust by virtue of the default by Trustor under the Ground Lease, and all sums incurred by Beneficiary in order to cure any such default shall be paid by Trustor to Beneficiary upon demand with interest thereon at the default rate set forth in the Note from the date of advancement until paid, and any such indebtedness shall be deemed to be secured by this Deed of Trust.

(f) Trustor shall not, without the prior written consent of Beneficiary, modify or amend the Ground Lease or terminate or surrender the Ground Lease or suffer or permit the Ground Lease to be terminated or surrendered.

(g) Trustor shall promptly notify Beneficiary of: (i) the occurrence of any default by the lessor under the Ground Lease or the occurrence of any event which, with the passage of time or service of notice, or both, would constitute a default by the lessor under the Ground Lease, (ii) the receipt by Trustor of any notice (written or oral) noting or claiming the occurrence of any event which, with the passage of time or service of notice or both, would constitute a default by Trustor under the Ground Lease or the occurrence of any event which, with the passage of time or service of notice or both, would constitute a default by Trustor under the Ground Lease.

(h) Upon demand by Beneficiary, Trustor shall obtain from the lessor under the Ground Lease and furnish to Beneficiary an estoppel certificate of lessor regarding the Ground Lease, in form reasonable acceptable to Beneficiary.

(i) Upon request by Beneficiary, Trustor shall give its unqualified consent in writing to any and all modifications of the Ground Lease which lessor under the Ground Lease agrees to make at the request of Beneficiary for the purpose of improving, maintaining, or preserving Beneficiary's security in the Ground Lease.

(j) So long as any part of the indebtedness secured by this Deed of Trust remains unpaid, unless Beneficiary otherwise consents in writing, the Leasehold Estate in the Land created by the Ground Lease shall not merge with the fee estate in the Land, notwithstanding the Leasehold Estate and the fee estate, or any portion of either, coming into common ownership, by purchase or otherwise. Trustor further covenants and agrees that, in the event it should acquire the fee estate, or any other estate, title, or interest in the Land, this Deed of Trust shall attach to and cover and be a lien upon such estate, title, or interest so acquired by Trustor, and the lien of this Deed of Trust shall spread to cover such estate, title, or interest with the same force and effect as though specifically transferred, assigned, or mortgaged in this Deed of Trust, and Trustor shall execute any documents reasonably required by Beneficiary to confirm the encumbrance of this Deed of Trust on such estate, title, or interest.

4. Hazardous Substances.

(a) Representations and Warranties. Trustor represents and warrants to Beneficiary that, except as disclosed by environmental assessment reports of the Secured Property previously presented to Beneficiary: (i) no asbestos or lead-based paint has ever been used in the construction, repair or maintenance of any building, structure or other improvement now or heretofore located on the Secured Property; (ii) no underground storage tanks are currently located on the Secured Property, and any such tanks that previously existed on the Secured Property were removed in compliance with all applicable laws and there was no evidence of any contamination caused by the removal of any such tanks; (iii) no Hazardous Substance is currently being generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Secured Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (iv) neither Trustor nor any other person or entity has ever caused or permitted any Hazardous Substance to be generated, manufactured, refined, transported, treated, stored, handled or disposed of, transferred, produced or processed on, under or about the Secured Property, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws; (v) Trustor has not received any notice of, nor is Trustor aware of, any actual or alleged violation with respect to the Secured Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances; and (vi) neither Trustor nor the Secured Property is subject to any governmental or judicial claim, order, judgment or lien with respect to the clean-up of Hazardous Substances at or with respect to the Secured Property. Trustor further represents and warrants to Beneficiary that the representations and warranties contained in this paragraph 4(a) are made after and are based upon an investigation of the prior ownership and uses of the Secured Property by Trustor, in a manner consistent with good commercial and customary practice, and that in performing its investigation, Trustor considered the relationship of the purchase price to the value of the Secured Property, commonly known or ascertainable information about the Secured Property, and the obviousness or the presence or likely presence of contamination.

(b) No Future Hazardous Substances. Trustor will not cause or permit the Secured Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process any Hazardous Substance, except in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws, nor shall Trustor cause or permit, as a result of any intentional or unintentional act or omission on the part of Trustor or any tenant, subtenant or other user or occupier of the Secured Property, a releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of any Hazardous Substance onto the Secured Property or any other property or into any waters, except in compliance with all such laws.

(c) Notification; Clean Up. Trustor will immediately notify Beneficiary if Trustor becomes aware of (i) any Hazardous Substance problem or liability with respect to the Secured Property, (ii) any actual or alleged violation with respect to the Secured Property of any federal, state or local statute, ordinance, rule, regulation or other law pertaining to Hazardous Substances, or (iii) any lien or action with respect to any of the foregoing. Trustor will, at its sole expense, take all actions as may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Secured Property, including without limitation all removal, containment and remedial actions in accordance with all applicable laws and in all events in a manner satisfactory to Beneficiary, and shall further pay or cause to be paid all clean-up, administrative and enforcement costs of governmental agencies with respect to Hazardous Substances on or with respect to the Secured Property if obligated to do so by contract or by law.

(d) Verification. For the purposes of inspecting the Secured Property to ascertain the accuracy of all representations and warranties in this Deed of Trust relating to Hazardous Substances, and the observance of all covenants contained in this paragraph 4: (i) Beneficiary is hereby authorized to enter and inspect the Secured Property, including the interior of any structures, at reasonable times and after reasonable notice of not less than forty-eight (48) hours; and (ii) if and at any time Hazardous Substances are being handled on the Secured Property, Trustor shall furnish Beneficiary with such information and documents as may be reasonably requested by Beneficiary to confirm that such Hazardous Substances are being handled in compliance with all applicable federal, state and local statutes, ordinances, rules, regulations and other laws. Trustor shall reimburse Beneficiary upon demand for all costs and expenses, including without limitation attorneys' fees, incurred by Beneficiary in connection with any such entry and inspection and the obtaining of such information and documents.

(e) Definition. As used herein, the term "Hazardous Substance" means any hazardous, toxic or dangerous substance, waste or material which is or becomes regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or clean-up, including without limitation any substance, waste or material which now or hereafter is (A) designated as a "hazardous substance" under or pursuant to the Federal Water Pollution Control Act (33 U.S.C. '1257 et seq.), (B) defined as a "hazardous waste" under or pursuant to the Resource Conservation and Recovery Act (42 U.S.C. '6901 et seq.), (C) defined as a "hazardous substance" in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. '9601 et seq.), (D) defined or listed as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste,"

"infectious waste," "hazardous substance" or "hazardous material" under or pursuant to the California Health and Safety Code, or (E) listed under or defined as hazardous or extremely hazardous pursuant to Title 22 of the California Administrative Code, Division 4.5. Notwithstanding the forgoing, "Hazardous Substance" does not include the legally compliant use, storage, and handling of any substance, chemical, compound, product, solid, gas, liquid, waste, byproduct, pollutant, contaminant, or material in normal quantities and found in products used in the maintenance and operation of the Premises.

5. Environmental Default and Remedies. In the event that any portion of the Secured Property is determined to be "environmentally impaired" (as "environmentally impaired" is defined in California Code of Civil Procedure Section 726.5(e)(3)) or to be an "affected parcel" (as affected parcel" is defined in California Code of Civil Procedure Section 726.5(e)(1)), then, without otherwise limiting or in any way affecting Beneficiary's or Trustee's rights and remedies under this Deed of Trust, Beneficiary may elect to exercise its right under California Code of Civil Procedure Section 726.5(a) to (1) waive its lien on such environmentally impaired or affected portion of the Secured Property and (2) exercise (i) the rights and remedies of an unsecured creditor, including reduction of its claim against Trustor to judgment, and (ii) any other rights and remedies permitted by law. For purposes of determining Beneficiary's right to proceed as an unsecured creditor under California Code of Civil Procedure Section 726.5(a), Trustor shall be deemed to have will fully permitted or acquiesced in a release or threatened release of hazardous materials, within the meaning of California Code of Civil Procedure Section 726.5(d)(1), if the release or threatened release of hazardous materials was knowingly or negligently caused or contributed to by any lessee, occupant or user of any portion of the Secured property and Trustor knew or should have known of the activity by such lessee, occupant or user which caused or contributed to the release or threatened release and Trustor failed to pursue its remedies therefor against such lessee, occupant or user within a reasonable time period from gaining knowledge of such release or threatened release. All costs and expenses, including, but not limited to, attorneys' feed, incurred by Beneficiary in connection with any action commenced under this subparagraph including any action required by California Code of Civil Procedure Section 726.5(b) to determine the degree to which the secured Property is environmentally impaired, plus interest thereon at the maximum rate allowed by law until paid shall be added to the obligations secured by this Deed of Trust and shall be due and payable to Beneficiary upon its demand made at any time following the conclusion of such action.

6. Notices. All written notices to be given by Beneficiary to Trustor hereunder and all notices and demands of any kind or nature whatsoever which Trustor may be required or may desire to give to or serve on Beneficiary shall be in writing and shall be served either (i) by "certified mail, return receipt requested" deposited in the United States mail, with postage thereon fully prepaid or (ii) prepaid "overnight delivery" courier service with return receipt provided, and addressed to the party so to be served at its address provided below or at such other address of which the party to be served shall have notified, in writing, the person giving such notice. Service of any such notice or demand so made shall be deemed complete on the day of actual delivery as shown by the addressee's receipt certification or the expiration of the third day after the date of sending, whichever is earlier in time.

To Beneficiary:

Local Initiatives Support Corporation
501 Seventh Avenue, 7th Floor
New York, New York 10018
Attn: Patrick Maher, Deputy General Counsel

With a copy to:

Local Initiatives Support Corporation
4305 University Avenue, Suite 420
San Diego, California 92105
Attn: Kwofi Reed, Program Officer

To Trustor:

Housing Development Partners of San Diego
1335 5th Avenue
San Diego, California 92101
Attn: Mike Pavco, Development Director

With a copy to:

Nixon Peabody LLP
1 Embarcadero Center
San Francisco, California 94111
Attn: Irene Kuei

To Trustee:

Chicago Title Company
2365 Northside Drive, Suite 600
San Diego, California 92108
Attn: Title Officer

7. Further Advances. Upon the request of Trustor or its permitted successors in ownership of the Secured Property, Beneficiary may hereafter, at its option, at any time before full payment of the indebtedness secured hereby, make further advances to Trustor or said successors in ownership, and the same, with interest and late charges, shall be secured by this Deed of Trust; provided, however, that the amount of principal secured by this Deed of Trust and remaining unpaid shall not at the time of and including any such advance exceed the original principal sum secured hereby; and provided further that if Beneficiary, at its option, shall request, Trustor or said successors in ownership agree to execute and deliver to Beneficiary a note to evidence such further advances, payable on or before the maturity of the indebtedness secured hereby and bearing such other terms as Beneficiary shall require.

8. Further Assurances. Trustor covenants and agrees that Trustor shall, at Trustor's sole cost and expense and at the request of Beneficiary (a) promptly correct any defect or error which may be discovered in the contents of the Loan Documents or in the execution, acknowledgment or recordation thereof; (b) promptly do, execute, acknowledge and delivery any and all such further acts, deeds, conveyances, mortgages, deeds of trust, assignments, estoppel certificates, financing statements and continuations thereof, notices of assignment and of security interest, transfers, certificates, assurances and other instruments as Beneficiary may require from time to time in order to carry out more effectively the purposes of any of the loan Documents; (c) promptly subject to the lien and security interest created by this Deed of Trust any of Trustor's properties, rights or interests covered or now or hereafter intended by Trustor and Beneficiary to be covered hereby; (d) promptly perfect and maintain said lien and security interest, and to better assure, convey, grant, assign, transfer and confirm unto Beneficiary to be granted to Beneficiary under any of the Loan Documents, or any other document or instrument executed in connection herewith or which Trustor may be or become bound to convey, mortgage or assign to Beneficiary in order to carry out the intention or facilitate the performance of the provisions of all of the Loan Documents.

9. Attorneys' Fees. Trustor agrees to pay immediately upon demand all costs and expenses of Beneficiary including reasonable attorneys' fees incurred in the enforcement of collection of the Note or incurred by Beneficiary in the exercise of its rights and/or the enforcement of its remedies under this Deed of Trust or any other agreement evidencing or securing the Note and the same shall be secured by this Deed of Trust as a further charge and lien upon the Secured Property.

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

[remainder of page intentionally left blank]

EXHIBIT A

All that certain real property situated in the County of San Diego, State of California, more particularly described as follows:

Parcel A.

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

Parcel B.

ALL BUILDINGS AND IMPROVEMENTS LOCATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

Recording requested by:
CHICAGO TITLE COMPANY

73711011530

~~RECORDING REQUESTED BY~~
~~AND~~ WHEN RECORDED MAIL TO:

Local Initiatives Support Corporation
501 Seventh Avenue, 7th Floor
New York, New York 10018

Attn: Legal Department; 42764-0006-0008

DOC # 2014-0063699

FEB 14, 2014 3:40 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 0.00

PAGES: 8

REGULATORY AGREEMENT
Golden State Acquisition Fund

This Regulatory Agreement (the "Agreement") is dated January 31, 2014, for reference purposes only, is made and entered into by and between HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO, a California non-profit public benefit corporation (the "Borrower") and Local Initiatives Support Corporation, a New York not-for-profit corporation (the "Lender"), and recites as follows:

RECITALS:

A. Borrower is requesting a loan (the "Loan") from Lender for the purposes of acquiring the leasehold interest in that certain property located at 1055 9th Avenue, San Diego, California, and the fee interest in the buildings and improvements located thereon, as more particularly described in Exhibit A hereto (the "Property"). The Loan is made pursuant to the terms and provisions of that certain Loan Agreement of even date herewith (the "Loan Agreement") and such other documents and instruments as are referred and defined therein as the Loan Documents. Unless otherwise provided, the capitalized terms herein shall have the defined meanings set forth in the Loan Agreement.

B. Lender has entered into an Origination and Participation Agreement dated December 14, 2012 (the "Participation Agreement") with GSAF LLC, a California limited liability company, ("GSAF") to which GSAF has provided 25% of the Loan funds (the "GSAF Funds"). The GSAF Funds were obtained by GSAF from the California Department of Housing and Community Development ("HCD") pursuant to that certain Loan Agreement—Golden State Acquisition Fund dated December 14, 2012 (the "HCD Loan Agreement"). In this regard, use of the GSAF Funds are restricted and otherwise governed by the terms and provisions of the HCD Loan Agreement as well as the Participation Agreement (collectively, the "HCD/GSAF Requirements");

C. The HCD/GSAF Requirements require that the Property may only be developed for Affordable Housing. "Affordable Housing" means a residential project containing units that are either: 1) for-sale homeowner units subject to enforceable restrictions that limit the incomes of at least the initial owner-occupants to Lower Income Households (an "Affordable Homeownership Project"), or 2) rental units subject or that will be subject to enforceable public agency restrictions that limit occupancy to households earning no more than 60% of Area Median Income, at Affordable Rents (an "Affordable Rental Housing Project"). "Affordable Rents" and "Area Median Income" shall have the meanings set forth or referenced in 25 CCR 7301. "Lower Income Households" shall have the meaning set forth in California Health and Safety Code Section 50079.5 (i.e. households earning no more than 80% of Area Median Income).

D. As further consideration for the Loan, Borrower has agreed to enter into this Agreement. The purpose of this Agreement is to regulate and restrict the occupancy, rents, operation, ownership and management of the Property in compliance with the Golden State Acquisition Fund Program Guidelines, a copy of which is attached to the Rider to the Loan Agreement (the "GSAF Program Guidelines").

NOW, THEREFORE, for the benefit of Lender, GSAF, and HCD, Borrower agrees as follows:

1. Recitals. The foregoing recitals, and "NOW, THEREFORE clause, are a part of this Agreement.

2. Compliance with GSAF Program Guidelines; Prohibited Transfers. Except with the prior written approval of Lender and GSAF, Borrower shall not:

   a. make any sale, assignment, lease, conveyance, or transfer in any other form of the Property or any interest therein to any party for purposes other than the development and operation of Affordable Housing (a "Prohibited Transfer"); and/or

   b. use, or permit the use of, the Property in any way that would result in noncompliance or nonconformance with any of the GSAF Program Guidelines.

   Subject to the terms and provisions of this Agreement, Borrower hereby agrees that if it engages in a Prohibited Transfer then, in addition to the rights and remedies referenced in Section 6.a. and 6.b. below, such Prohibited Transfer shall be subject to Equity Recapture provisions, set forth in Section 6.c. below. In addition, Borrower acknowledges that it is familiar with the GSAF Program Guidelines and has access to professional advice to the extent necessary to enable Borrower to fully comply with and conform to the GSAF Program Guidelines.

3. Affordable Housing. Anything in this Agreement to the contrary notwithstanding, Affordable Housing shall include the following "Eligible Projects" as set forth in the GSAF Program Guidelines which must be located in the State of California and must be:

   a. Rental housing projects where 100% of the units (except the manager's unit) are restricted to occupancy by households earning not more than 60% of the area median income at Affordable Rents, or

   b. Housing built for sale to Lower-Income Household buyers as homeownership units, including

      (1) Fee simple ownership, including condominiums or other common interest subdivisions;

      (2) limited-equity co-ops;

      (3) manufactured housing units located on a rented space in a mobile home park;

      (4) leasehold interest on real property that enables the lessee to make improvements on and encumber the property and has a term sufficient to secure a conventional first mortgage loan (e.g. a community land trust); or

   c. Mobile home units and parks, where no less than 50% of the units in the park are restricted to occupancy by Lower-Income Households; or

d. For the purposes of subsection (e) and (f) below, "Affordable Housing" means a residential project, or portion thereof, where all the units meet the criteria for units set forth in subsection (a) of section 102 of the GSAF Program Guidelines; or

e. Mixed-use projects (commercial and residential occupancies on the same site) are eligible for Project Loans covering all acquisition costs, provided no less than 75% of the total square footage is to be developed as Affordable Housing; or

If less than 75% of the proposed square footage is to be developed as Affordable Housing, the percentage of the acquisition cost eligible to be paid with Project Loan proceeds shall be reduced to an amount equal to the percentage of the project that meets these requirements.; or

f. Mixed-income residential housing projects are eligible for Project Loans covering all acquisition costs if 75% or more of the number of proposed residential units are to be developed as Affordable Housing. If less than 75% of the proposed residential units are to be developed for Affordable Housing, the percentage of the acquisition cost eligible to be paid with Project Loan proceeds must be reduced to an amount equal to the percentage of the project that is affordable.

4. Term of Agreement.

a. Unless terminated sooner pursuant to Section 4(b), 4(c), or 4(d) below, this Agreement shall commence on the date set forth above and (except as set forth in the following paragraphs of this Section 4) remain in full force and effect, and shall apply to the Property and any and all development thereon, through and including the fifty-fifth (55th) anniversary of the date of recordation of this Agreement regardless of any prepayment of the Loan or any sale, assignment, transfer, encumbrance, or conveyance of the Property.

b. With respect to any Affordable Homeownership Project developed on the Property, upon the completion of such Affordable Homeownership Project this Agreement shall apply only to the residential units that are required to be sold to Lower Income Households (as set forth in the Loan Agreement)(the "Affordable Homeownership Units") and shall not apply to any units that are not Affordable Homeownership Units and/or to any non-residential portions of such Affordable Homeownership Project. This Agreement shall automatically terminate as to each Affordable Homeownership Unit upon the sale of such Affordable Homeownership Unit to a qualified Lower Income Household.

c. With respect to any Affordable Rental Housing Project developed or to be developed upon the Property, this Agreement shall automatically terminate upon the close of any other project financing that includes occupancy guarantees and/or the recording against the Property of any other Affordable Housing regulatory or restriction agreement.

d. The covenants and restrictions imposed on the Property pursuant to this Agreement shall be subordinate to the lien of the deed of trust that secures the Loan. In this regard, this Agreement and the covenants and restrictions herein shall terminate upon any transfer of the Property pursuant to a foreclosure of such deed of trust or a deed in lieu of such foreclosure.

5. Review and Inspections.

a. At any time during the term of this Agreement, Lender, or HCD or their designees may enter and inspect the physical premises and inspect all records pertaining to the construction, development or operation of the Property during normal business hours and upon at least twenty-four (24) hours advance notice.

b. Lender and/or HCD may request any other information that it deems necessary to monitor compliance with the GSAF Program Guidelines, the HCD/GSAF Requirements and the requirements set forth in this Agreement. Borrower shall promptly provide such information.

6. Violation of Agreement by Borrower.

a. In the event of Borrower's breach, violation or default in the performance of any covenant, agreement or obligation of Borrower set forth in this Agreement (a "Default"), Lender may treat such Default as an Event of Default under the Loan Agreement, and Borrower acknowledges and agrees that HCD, as a third-party beneficiary of this Agreement, may, separately from Lender, directly enforce Borrower's compliance with all of the terms and conditions of this Agreement.

b. In addition the rights and remedies that Lender has under the Loan Documents with respect to a Default (including, without limitation, the right to accelerate the maturity of the Loan and foreclose upon the Property), Lender shall also have the right to apply to any court, state or federal, for specific performance of this Agreement, injunctive relief, or for such other relief as may be appropriate in order to compel Borrower to comply with this Agreement and/or to prevent Borrower from violating this Agreement.

c. In addition to the rights and remedies referenced in a. and b. above, if Borrower transacts a Prohibited Transfer, Lender shall be entitled to recover from Borrower damages (an "Equity Recapture") in an amount equal to (i) the amount of the consideration received by Borrower from such Prohibited Transfer less (ii) the sum of the amount of the Loan and any other loans obtained by Borrower to acquire and pre-develop the Property plus Borrower's actual cash equity contributions towards such acquisition and predevelopment. The foregoing shall not prevent Lender from recovering other damages and amounts to which it is entitled under the Loan Agreement, any other Loan Document, and/or under applicable law.

d. The remedies of Lender 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 Lender of any one or more of its other remedies.

e. Until such time that the Loan is repaid in full, without the prior written consent of Lender, HCD shall not exercise any rights or remedies it may have against Borrower, including, but not limited to foreclosure or other realization upon any collateral. Notwithstanding the foregoing, HCD shall be entitled to exercise and enforce against Borrower all other covenants under this Agreement relating to income, rent, or affordability restrictions upon prior written notice to Lender. In this regard, HCD may pursue an action directly against Borrower to recover the Equity Recapture (if any) upon Lender's prior written consent, provided, however, that the proceeds therefrom will be

allocated first toward repayment of the Loan. As set forth under the Participation Agreement, GSAF may not communicate or meet with Borrower regarding the Loan.

7. Amendment. This Agreement shall not be altered or amended except in writing, executed between both parties hereto.

8. Partial Invalidity. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

9. Covenants Run with the Land; Binding on Successors; Benefited Parties. Lender and Borrower hereby declare their express intent that, until this Agreement terminates as provided in Section 4 above, the covenants and restrictions set forth in this Agreement shall run with the land, and touch and concern the Property in that Borrower's legal interest in the Property is rendered less valuable thereby. The benefit of the restrictive covenants set forth in this Agreement touches and concerns the land by providing Affordable Housing opportunities for Lower Income Households and other low income households. The aforesaid households, together with the Lender, HCD, and GSAF, are the intended beneficiaries of such covenants and restrictions.

The covenants and restrictions in this Agreement bind all successors-in-interest to the Property; provided, however, that on the expiration hereof (as provided in Section 4 above) the restrictive covenants herein shall automatically expire. Each and every contract, deed or other instrument hereafter executed covering, or conveying or otherwise transferring the Property or any portion thereof, will be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions. The foregoing applies regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, and regardless of whether the terms of these restrictive covenants are actually known to such other party or parties unless Lender expressly releases such conveyed portion of the Property from the requirements of this Agreement.

10. Indemnification. Borrower agrees to indemnify Lender, GSAF, and their agents, employees and officers against, and holds Lender, GSAF, and their agents, employees and officers harmless from, any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees) of every name, kind and description, which such parties may incur as a direct or indirect consequence of Borrower's failure to comply with this Agreement (including, without limitation, any of the GSAF Program Guidelines). The foregoing indemnity shall include, without limitation, claims or actions asserted or brought by against Lender by HCD or GSAF and actions brought against GSAF by HCD.

11. Attorneys' Fees. The prevailing party in any action to enforce this Agreement shall be entitled to reasonable attorneys' fees as determined by the trier of fact in that forum.

Signatures on following pages.

IN WITNESS WHEREOF the parties hereby execute and enter into this Agreement as of the date first set forth above and agree to be bound hereby:

Borrower:

HOUSING DEVELOPMENT PARTNERS OF SAN DIEGO

Name: Michael Pavco
Title: Executive Director

Borrower Address:
1335 5th Avenue
San Diego, California 92101
Attn: Mike Pavco

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

On January 17, 2014, before me, Tina Kessler, a Notary Public, personally appeared Michael Pavco who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that ~~s~~/he executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public
My Commission Expires 12/8/2016

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

(Official Notarial Seal)

Lender:

LOCAL INITIATIVES SUPPORT CORPORATION

Name: **Lily LIM**
Title: Vice President & Controller

Lender Address:

501 Seventh Avenue, 7th Floor
New York, New York 10018
Attn: Patrick Maher

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On the 24th day of January, 2014, before me personally came Lily Lim, to me known, who, being duly sworn, did depose and say that s/he is the Vice President of Local Initiatives Support Corporation, the corporation described in and which executed the foregoing instrument and that s/he signed her/his name thereto by order of the Board of Directors of said corporation.

Notary Public

[Seal]

FE SALINDA
Notary Public, State of New York
No. 01SA6192687
Qualified In Queens County
Commission Expires Sept. 2, 2016

EXHIBIT A TO REGULATORY AGREEMENT

LEGAL DESCRIPTION

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

Parcel A.

LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY.

EXCLUDING ALL BUILDINGS AND IMPROVEMENTS THEREON.

Parcel B.

ALL BUILDINGS AND IMPROVEMENTS LOCATED ON LOTS A, B, C, D, E, F, G, H, I, J, K AND L IN BLOCK 31 OF HORTON'S ADDITION, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF MADE BY L.L. LOCKLING FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, WHICH BUILDINGS AND IMPROVEMENTS ARE AND SHALL REMAIN REAL PROPERTY.

Recording requested by:
CHICAGO TITLE COMPANY

7371101153O

DOC # 2014-0063700

FEB 14, 2014 3:40 PM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 0.00

PAGES: 10

NO CHARGE ON THIS DOCUMENT FOR THE BENEFIT OF A STATE AGENCY FORMED BY THE CITY OF SAN DIEGO

Recording Requested By
And When Recorded Mail To:
Christensen & Spath LLP
550 West C Street, Suite 1660
San Diego, CA 92101

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (TENANT RESTRICTIONS) (San Diego Square)

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") dated as of the 11th day of February, 2014, by Housing Development Partners of San Diego, a California nonprofit public benefit corporation ("Declarant") is made in connection with that certain leasehold interest in the real property legally described on Exhibit A, attached hereto ("Property") in the City of San Diego, County of San Diego, State of California. Declarant hereby declares that the Property shall be subject to the covenants, conditions and restrictions set forth herein. Declarant declares that this Declaration is in favor of the San Diego Housing Commission ("Commission") and its successors.

1. Restrictive Covenants.

(a) Rent and Occupancy. Declarant agrees and covenants on behalf of itself and its successors and assigns, and each successor in interest to the Property, that at all times during the term of this Declaration set forth herein 156 residential units at the Property shall be set aside and reserved as "Affordable Units." As used herein the term "Affordable Units" shall refer to the 156 residential units at the Property which are rented to persons with incomes at or below 60% of the area median income, as adjusted for family size, for a monthly rent that is affordable to the same. For purposes of this Declaration, the current annual area median income shall be the area median income defined by the California Tax Credit Allocation Committee ("TCAC") as the then current area median income for the area in which the Property is located, as adjusted for family size. The rents and the occupancy restrictions shall be deemed adjusted, from time to time, in accordance with any adjustments that are authorized by TCAC or any successor agency. In the event TCAC ceases to publish an established area median income as aforesaid, Commission may, in its sole discretion, use any other reasonably comparable method of computing adjustments in area median income or rents.

(b) Occupancy by Senior Citizens. All Affordable Units shall be occupied only by the following ("Eligible Tenants"): "Senior Citizens," "Qualified Permanent Residents" and/or "Permitted Health Care Residents." The term "Senior Citizen" as used herein means a person 55 years of age or older.

(1) Qualified Permanent Resident. The term "Qualified Permanent Resident" as used herein means a person who meets both of the following requirements: (i) the person was residing with the Senior Citizen prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Senior Citizen, and (ii) the person was 45 years of age or older, or was a spouse, cohabitant, or person providing primary physical or economic support to the Senior Citizen.

(2) Additional Definition of Qualified Permanent Resident. The term "Qualified Permanent Resident" as used herein also means a disabled person or person with a disabling illness or injury who is a child or grandchild of the Senior Citizen who needs to live with the Senior Citizen because of the disabling condition, illness, or injury. For any person who is a Qualified Permanent Resident under this Section 1(b)(2) whose disabling condition ends, the Declarant may require the formerly disabled resident to cease residing in the development upon receipt of six months' written notice; provided, however, that the Declarant may allow the person to remain a resident for up to one year after the disabling condition ends. The Declarant may take action to prohibit or terminate occupancy by a person who is a Qualified Permanent Resident under this Section if the Declarant finds, based on credible and objective evidence, that the person is likely to pose a significant threat to the health or safety of others that cannot be ameliorated by means of a reasonable accommodation; provided, however, that the action to prohibit or terminate the occupancy may be taken only after doing both of the following: (i) providing reasonable notice to and an opportunity to be heard for the disabled person whose occupancy is being challenged, and reasonable notice to the co-resident parent or grandparent of that person, and (ii) giving due consideration to the relevant, credible, and objective information provided in the hearing. The evidence shall be taken and held in a confidential manner, pursuant to a closed session, by the Declarant in order to preserve the privacy of the affected persons. The affected persons shall be entitled to have present at the hearing an attorney or any other person authorized by them to speak on their behalf or to assist them in the matter.

(3) Permitted Health Care Resident. The term "Permitted Health Care Resident" as used herein means a person hired to provide live-in, long-term, or terminal health care to a Senior Citizen or Qualified Permanent Resident residing at the Property, or a family member of the Senior Citizen or Qualified Permanent Resident residing at the Property providing that care. For the purposes of this section, the care provided by a Permitted Health Care Resident must be substantial in nature and must provide either assistance with necessary daily activities or medical treatment, or both. A Permitted Health Care Resident shall be entitled to continue his or her occupancy, residency, or use of the Affordable Unit as a permitted resident in the absence of the Senior Citizen from the Affordable Unit only if both of the following are applicable: (i) the Senior Citizen became absent from the dwelling due to hospitalization or other necessary medical treatment and expects to return to his or her residence within 90 days from the date the absence began, and (ii) the absent Senior Citizen or an authorized person acting for the Senior Citizen submits a written request to the Declarant stating that the Senior Citizen desires that the Permitted Health Care Resident be allowed to remain in order to be present when the Senior Citizen returns to reside in the development. Upon written request by the Senior Citizen or an authorized person acting for the Senior Citizen, the Declarant shall have the discretion to allow a Permitted Health Care Resident to remain for a time period longer than 90 days from the date that the Senior Citizen's absence began, if it appears that the Senior Citizen will return within a period of time not to exceed an additional 90 days.

(4) Guests. A guest of a Senior Citizen or Qualified Permanent Resident, under 55 years of age shall be permitted to temporarily reside in an Affordable Unit for periods of time, not to exceed 60 days in any year.

(5) Death or Dissolution of Marriage. Upon the death or dissolution of marriage, or upon hospitalization, or other prolonged absence of the Senior Citizen, any Qualified Permanent Resident shall be entitled to continue his or her occupancy, residency, or use of the Affordable Unit as a permitted resident. This Section 1(b)(5) shall not apply to a Permitted Health Care Resident.

2. Income of Co-Tenants, Etc. The income of all co-tenants and/or non-dependent occupants shall be taken into account in determining whether a household is an Eligible Tenant hereunder.

3. Eviction. In the event that a tenant who was properly certified as an Eligible Tenant at the commencement of such tenant's occupancy ceases to be eligible, for any reason other than the tenant being over income, Declarant shall give thirty (30) days written notice, or such longer period as proscribed by law, to such tenant to vacate the Affordable Unit. The vacated Affordable Unit shall thereafter be rented to an Eligible Tenant. In the event that a tenant who was properly certified as an Eligible Tenant at the commencement of such tenant's occupancy ceases to be eligible, as a result of being over income, the over-income tenant shall continue to be considered an Eligible Tenant and such tenant shall be evicted as a result of such tenant being over income only as and when allowed by the TCAC or by Federal law, including 26 U.S.C. §42.

4. Term. This Declaration and the covenants and restrictions contained herein shall be effective commencing on the date this Declaration is recorded and shall remain in full force and effect until 55 years after such date. This Declaration shall not be amended or removed as a lien on the Property unit the expiration of said fifty-five (55) year term.

5. Covenant Against Discrimination. Declarant covenants on behalf of itself and its successors and assigns, and each successor in interest to the Property, not to discriminate against any tenant or prospective tenant of any Affordable Unit on the basis of their race, age, sexual orientation, marital status, color, religion, sex, handicap, or national origin, as referenced in all applicable state, local and federal law.

6. Enforcement. Declarant expressly agrees and declares that Commission or any successor entity is a proper party and shall have standing to initiate and pursue any and all actions or proceedings, at law or in equity to enforce the provisions hereof and/or to recover damages for any default hereunder, notwithstanding the fact that such damages or the detriment arising from such default may have actually been suffered by some other person or the public at large. In the event the Commission is no longer an existing operating entity in good standing, then the City of San Diego shall be deemed the successor to the Commission for all purposes hereunder. San Diego Kind Corporation shall be deemed a third-party beneficiary of this Declaration.

7. Attorneys' Fees. In the event that any litigation for the enforcement or interpretation of this Declaration, whether an action at law or arbitration or any manner of non-judicial dispute resolution to this Declaration by reason of the breach of any condition or covenant, representation or warranty in this Declaration, or otherwise arising out of this Declaration, the prevailing party in such action shall be entitled to recover from the other reasonable attorneys' fees and out of pocket expenses (including expert witness fees) to be fixed by the court which shall render a judgment, as well as the costs of suit.

8. Severability. In the event that any provision or covenant of this Declaration is held by a court of competent jurisdiction to be invalid or unenforceable, then it shall be severed from the remaining portions of this Declaration which shall remain in full force and effect.

9. Covenants to Run With the Land. The covenants contained herein shall constitute "covenants running with the land", and shall bind the Property and every person having an interest therein during the term of this Declaration. This Declaration shall be subordinate to deeds of trust, mortgages and other security instruments securing any loan secured by the Property. Declarant agrees for itself and its

successors that, in the event that, for any reason whatsoever, a court of competent jurisdiction determines that the foregoing covenants do not run with the land, such covenants shall be enforced as equitable servitudes against the Property. In the event that Declarant, or any other future owner of the Property ("Borrower"), obtains a loan from a lender ("Lender") which is secured by a deed of trust or other security instrument recorded against the Property ("Security Instrument"), such Lender shall be required to give written notice San Diego Kind Corporation ("SDK") of any default by Declarant, or any successive owner, as applicable, under the Security Instrument or loan secured by the Property. Thereafter Lender shall permit SDK the right and opportunity to cure and correct any such default, including without limitation the right to repay all amounts due by Borrower to Lender, within a period of sixty (60) days after written notice of such default is given to SDK, with such additional periods of time as may be required to cure or correct any non-monetary default if such default cannot be cured or corrected within such period of sixty (60) days, so long as SDK commences to cure or correct such default within such sixty (60) day period and thereafter endeavors diligently and continuously to cure or correct such default for a period not exceeding 180 days. SDK shall have no obligation to cure or correct any default and SDK's cure or correction of a default in one instance shall not create any obligation on the part of SDK to cure or correct any default in any other instance.

10. Notices. Notices under this Declaration shall be in writing and sent (a) by certified or registered U.S. mail, return receipt requested, (b) overnight by a nationally recognized overnight courier such as UPS Overnight or FedEx, or (c) by personal delivery. All notices shall be effective upon receipt (or refusal to accept delivery). All notices shall be delivered to the following addresses:

Commission: San Diego Housing Commission
Attn: Loan Management
1122 Broadway, Suite 300
San Diego, CA 92101

Copy to: Christensen & Spath LLP
550 West C Street, Suite 1660
San Diego, CA 92101

Declarant: Housing Development Partners of San Diego
Attn: Executive Director
1335 Fifth Avenue
San Diego, CA 92101

SDK: San Diego Kind Corporation
PO Box 121151
San Diego, CA 92112-1151
Attn: Fran Kilburg

Copy To: Peterson & Price, APC
Attn: Edward Whittler
530 B Street, Ste 1800
San Diego, CA 92101

11. Signature Authority. All individuals signing this Declaration for a party which is a corporation, limited liability company, partnership or other legal entity, or signing under a power of attorney, or as a trustee, guardian, conservator, or in any other legal capacity, covenant to the Commission that they have the necessary capacity and authority to act for, sign and bind the respective entity or principal on whose behalf they are signing.

DECLARANT:
Housing Development Partners of San Diego, a California nonprofit public benefit corporation

By: _____
Michael Pavco, Executive Director

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

COMMISSION:
San Diego Housing Commission

By:_____
Richard C. Gentry, President & CEO

Approved as to form:
Christensen & Spath LLP

By:_____
Walter F. Spath III, Esq.
Commission General Counsel

COMMISSION:
San Diego Housing Commission

By:_____
Richard C. Gentry, President & CEO

Approved as to form:
Christensen & Spath LLP

By:_____
Walter F. Spath III, Esq.
Commission General Counsel

ACKNOWLEDGMENT

State of California)
)
County of San Diego)

On February 11, 2014, before me, Angela G. Risotti Notary Public, personally appeared Richard C. Gentry who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Angela G. Risotti (Seal)

ANGELA G. RISOTTI
Commission # 2006822
Notary Public - California
San Diego County
My Comm. Expires Feb 6, 2017

ACKNOWLEDGMENT

State of California)
)
County of San Diego)

On February 11, 2014, before me, Tina Kessler, a Notary Public, personally appeared Michael Pauco who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

TINA KESSLER
COMM. #1997852
Notary Public - California
San Diego County
My Comm. Expires Dec. 8, 2016

Exhibit "A"

Property Description

That certain leasehold interest in the real property situated in the City of San Diego, County of San Diego, State of California, described as follows:

That certain leasehold interest in Lots A, B, C, D, E, F, G, H, I, J, K and L in Block 31 of Horton's Addition, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by L.L. Lockling filed in the Office of the County Recorder of San Diego, as set forth in that certain GROUND LEASE by and between City and Kind dated September 14, 1979, recorded in the Official Records of San Diego County, California, on September 25, 1979, as File No. 1979-040096.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("Memorandum") is made and entered into as of December 20, 2012, by and between **COMMUNITY RESEARCH FOUNDATION**, a California nonprofit corporation (the "Sublessee"), and **SAN DIEGO KIND CORPORATION**, a California nonprofit corporation (the "Sublessor"), providing for the following:

> Notwithstanding the terms of Section 5.1 of the Sublease between the parties, Sublessee shall only be permitted to provide the services outlined in Section 5.1 of the Sublease to the elderly and senior adults until such time that the City of San Diego gives approval that the services described in said Section 5.1 can be provided to other adults.

Sublessee:	Sublessor:
COMMUNITY RESEARCH FOUNDATION	SAN DIEGO KIND CORPORATION
By: _____	By: Percil Stanford, PhD, by [illegible]
Its: Executive Director	Its: President
By: William Hawthorne	By: _____
Its: _____	Its: _____

SUBLEASE

between

COMMUNITY RESEARCH FOUNDATION
(SUBLESSEE)

and

SAN DIEGO KIND CORPORATION
(SUBLESSOR)

SUBLEASE

THIS SUBLEASE ("Lease") is made and entered into as of Sept. 28, 2012, by and between **COMMUNITY RESEARCH FOUNDATION**, a California nonprofit corporation (the "Sublessee"), and **SAN DIEGO KIND CORPORATION**, a California nonprofit corporation (the "Sublessor"), with reference to the following facts:

A. The City of San Diego, a municipal corporation ("City"), as lessor and Sublessor, as lessee, entered into a Lease Agreement which was filed in the Office of the City Clerk of the City of San Diego on September 14, 1979 as Document No. RR-250195 ("Master Lease"), with regard to improvements to real property located at 928 Broadway and 1045 9th Avenue, San Diego, California ("Property"). A copy of the Master Lease is attached to this Sublease as Exhibit A. In addition, Sublessor is a party to a deed of trust and a regulatory agreement with the Department of Housing and Urban Development ("HUD") with respect to the Property.

B. Sublessor wishes to sublease to Sublessee, and Sublessee wishes to sublease from Sublessor a portion of the Property consisting of approximately 10,262 square feet within the Property, which includes 7,493 square feet on the first floor ("First Floor Space") and 2,769 square feet on the second floor ("Second Floor Space") (collectively, "Subleased Premises"). The Subleased Premises are shown on Exhibit B attached hereto

1. SUBLEASE PREMISES

1.1 Description of Subleased Premises. In consideration of the amounts to be paid and the terms, covenants and conditions to be kept, performed and satisfied by Sublessee under this Lease, Sublessor leases to Sublessee and Sublessee hires from Sublessor the Subleased Premises. Subject to review of specific designs and plans as specified below, Sublessor hereby approves Sublessee improving the Subleased Premises with those improvements described on Exhibit B attached hereto ("Sublease Improvements").

1.2 Sublease Improvements. Except as provided below, Sublessee shall be responsible for all costs and expenses of constructing the Sublease Improvements, including the design thereof. Sublessor and Sublessee estimate that the cost of the Sublease Improvements shall be approximately $400,000. Sublessor shall provide Sublessee a Sublessee Improvement Allowance ("Improvement Allowance") equal to the actual cost of the Sublease Improvements, not to exceed $250,000. Sublessor shall provide such funds incrementally as such costs are incurred by Sublessee after Sublessee has provided the following for that portion of the Sublease Improvements it is seeking payment for: (i) a disbursement request executed by the Sublessee certifying that the work for which a payment is requested has been completed; (ii) conditional waivers and releases of liens, stop notices and bond rights for the current application for payment and unconditional waivers and releases of liens, stop notices and bond rights for all prior payments, from the contractor, all subcontractors and anyone having lien rights-stop-notice rights, all of which waivers and releases shall be in accordance with the provisions of the California Civil Code; and (iii) such other documentation as may be reasonably required by the Sublessor.

a. Sublessee shall complete all Sublease Improvements no later than March 31, 2013, subject to the occurrence of a Force Majeure Event (as defined in Section 25.5).

b. The final construction drawings for the Sublease Improvements shall be approved by Sublessor prior to the commencement of construction of the Sublease Improvements. Sublessee shall submit the same to the appropriate governmental agencies in order to obtain all applicable building permits. Sublessor shall cooperate with Sublessee in executing permit applications and performing other ministerial acts reasonably necessary to enable Sublessee to obtain any permits or certificate(s) of occupancy. Except for minor changes required by governmental authorities, no changes, modifications or alterations in the final construction drawings may be made without the prior written consent of Sublessor, which consent shall not be unreasonably withheld or delayed.

c. The Sublease Improvements shall comply in all respects with all building codes, laws and regulations.

d. Sublessee shall submit to Sublessor the following information:

(i) The names and addresses of all contractors and subcontractors Sublessee intends to engage in the construction of the Sublease Improvements.

(ii) The date on which Sublessee's construction work will commence, together with the estimated date of completion of Sublessee's construction work and fixturization.

(iii) Evidence of such builders all risk and Worker's Compensation insurance as Sublessor may reasonably require.

(iv) An itemized statement of estimated construction costs, including architectural, engineering and contractors' fees.

(v) All contractors engaged by Sublessee shall be bondable, licensed contractors.

(vi) Sublessee shall cause its contractor to provide warranties for not less than one (1) year against defects in workmanship, materials and equipment.

(vii) The Sublease Improvements shall be subject to the inspection of Sublessor and its supervisory personnel.

e. Sublessee shall cause "as-built drawings" to be delivered to Sublessor and/or Sublessor's representative no later than thirty (30) days after the completion of the Sublease Improvements.

f. Sublessor has the right at all times to post and keep posted on the Subleased Premises any notice it considers necessary for protection of liens. At least ten (10) days before beginning construction of any Sublease Improvements, Sublessee shall give Sublessor written notice of the expected commencement date of such construction to permit Sublessor to post and record a notice of non-responsibility. Sublessee shall or shall cause its contractor to secure and maintain the insurance required by Paragraph 7.1.1 of this Lease for the Sublease Improvements. Sublessee shall indemnify, defend and hold harmless Sublessor and City with respect to claims, liabilities and expenses, including without limitation, mechanic lien claims arising out of the work conducted by Sublessee, Contractor and Sublessee's agents.

2. SUBLESSEE'S TITLE AND CONSTRUCTION REQUIREMENTS

2.1 Master Lease. Sublessee expressly agrees that all rights under this Lease shall be subject and subordinate to the terms, conditions and conditions of the Master Lease and any amendments thereto and all prior exceptions, reservations, restrictions, easements, rights-of-way, licenses and other matters of record now existing which affect the Subleased Premises or the Property in any manner. Furthermore, in the event of any conflict or inconsistency between this Lease and the Master Lease, the provisions of the Master Lease shall govern and prevail even after the expiration of the Master Lease unless otherwise expressly agreed. Sublessor represents and warrants to Sublessee as follows: (i) no default or breach or event or circumstance which with the giving of notice or passage of time or both has occurred under the Master Lease by either the City or Sublessor; and (ii) the Master Lease is in full force and effect and has not been amended, modified, supplemented or changed either in writing or orally. Sublessor shall not exercise any right or remedy under the Master Lease that would materially and adversely affect Sublessee's rights under this Lease, including, without limitation, the termination or cancellation of the Master Lease, without Sublessee's prior written consent. Provided Sublessee is not in default hereunder, Sublessor shall comply with and perform all terms, covenants, promises, obligations and duties required to be complied with and performed by Sublessor under the Master Lease in a timely fashion, except to the extent such duties or obligations are placed on Sublessee pursuant to this Lease.

2.2 Master Lease. Sublessee will not have any claim against Sublessor based on the City's failure or refusal to comply with any of the provisions of the Master Lease; however all rights against the City with respect to the Subleased Premises only are hereby assigned to Sublessee. Despite the City's failure or refusal to comply with any of those provisions of the Master Lease, this Lease will remain in full force and effect and Sublessee will pay the Rent and all other charges provided for in this Lease without any abatement, deduction or setoff. Sublessee agrees to be subjected to, and bound by, all of the covenants, agreements, terms, provisions, and conditions of the Master Lease with respect to the Subleased Premises, as though Sublessee was the Lessee under the Master Lease.

3. TERM

3.1 Term. The initial term of this Sublease shall be until a date which is sixteen (16) years from a date which is the earlier to occur of (i) April 1, 2013 or (ii) four (4) months after the occurrence of the last to occur of the approvals described in Sections (a), (b) and (c) below:

a. The date HUD approves this Sublease in writing;

b. The date the City approves this Sublease in writing;

c. The date of approval by the County of San Diego; and

If the approvals set forth in Subsections (a), (b) or (c) have not all occurred by December 22, 2012, then either Sublessor or Sublessee may terminate this Lease.

Notwithstanding anything to the contrary herein, Sublessor shall have the right to terminate this Sublease if Housing Development Partners of San Diego Inc. ("HDP") does not approve this Sublease on or before December 22, 2012, provided HDP is still under contract with

Sublessor to acquire Sublessor's interest in the Master Lease .

3.2 Tenant's Right to Terminate Lease under Special Circumstances.

Due to Tenant's reliance upon public entity funding for its operations, Tenant may terminate this Lease should one or more of the following special circumstances occur:

a. The County of San Diego substantially reduces or eliminates funding for a Sublessee Program occupying the Subleased Premises, or
b. The County of San Diego demands that said Sublessee program be relocated or expanded beyond what can be reasonably or timely accommodated at this location, or
c. Withdrawal or denial of any licenses or permits necessary for Sublessee to operate under the Regulatory or Governmental Agencies and sufficient proof that reinstatement or approval is beyond the reasonable control of Sublessee.

Sublessee shall provide prior written notice to Sublessor ninety (90) days prior to Lease termination, and shall specify in such notice the date on which the Subleased Premises will be vacated by Sublessee. Sublessee shall continue to pay Rent at the then current rate, including amortization for partial month occupancy, until the Subleased Premises are vacated. In no event shall Sublessee vacate premises prior to thirty (30) days after the notice to terminate due to special circumstances has been delivered to Sublessor.

In the event Tenant gives a notice of termination as provided above, Sublessee shall pay Sublessor a termination fee ("Termination Fee") on the date the Lease is terminated in an amount equal to the sum of the unamortized Improvement Allowance as of the Termination Date, amortized on a straight line basis over a five year period from the Commencement Date at an annual rate of 7% per annum according to an Amortization Schedule to be attached as an addendum to this Lease upon completion of the Sublease Improvements and determination of final Sublease Improvement costs.

3.3 Possession. Sublessor shall have access to the Subleased Premises upon execution of the Lease, in order for Sublessee to perform the Sublease Improvements and install furniture and equipment. Sublessee accepts the Subleased Premises "as is" in its present condition. Except for Sublessor warranting that that all heating, mechanical, electrical, plumbing and air conditioning are in good working condition as of the Commencement Date, Sublessor has made no representation or warranties to Sublessee regarding the condition of the Subleased Premises. Sublessor will not be obligated to make any alterations or improvements to the Subleased Premises on account of this Sublease.

3.4 Possession After Expiration of Term. Should Sublessee remain in possession of the Subleased Premises after the expiration of the Term, then Sublessee's occupancy shall be subject to the terms of Paragraph 25.2.

4. RENT

4.1 Rent. The monthly rent for the First Floor Space shall be $0.85 per square foot and monthly rent for the Second Floor Space shall be $0.20 per square foot for a total rent of $6,922.88 per month ("Monthly Rent"). The Monthly Rent shall begin on the Commencement

Date. In any partial month in the Lease Term Monthly Rent shall be prorated based on a 30-day month. Beginning on the eleventh (11th) anniversary of the Commencement Date, Monthly Rent shall be increased by increases in the CPI from the CPI nearest the date of the tenth (10th) anniversary of the Commencement Date, and each and every anniversary date of the Commencement Date thereafter. "CPI" means the Consumer Price Index for All Urban Consumers, U.S. City Average, all items (1982-84 = 100), not seasonally adjusted, published by the U.S. Department of Labor, Bureau of Labor Statistics, or if such index is no longer published, the U.S. Department of Labor's most comprehensive official index then in use that most nearly corresponds to the index named above. The Monthly Rent and all other payments due from Sublessee under this Sublease may collectively be referred to herein as "Rent".

b. Sublessee shall pay all Rent and other sums of money as shall become due from and payable by Sublessee to Sublessor under this Lease at the times and in the manner provided in this Lease, without demand, set-off or counterclaim. All payments of Rent and other payments to be made to Sublessor shall be made on a timely basis and shall be payable to Sublessor or as Sublessor may otherwise designate. All such payments shall be mailed or delivered to Sublessor's Address designated in Section 23 or at such other place as Sublessor may designate from time to time in writing. Any Rent or other amounts payable to Sublessor under this Lease, if not paid by the tenth (10th) day of the month for which such Rent is due, or by the due date specified on any invoices from Sublessor for any other amounts payable hereunder, shall incur a late charge of five percent (5%) of the overdue amount (the "Late Charge") for Sublessor's administrative expense in processing such delinquent payment and in addition thereto shall bear interest at the Interest Rate from and after the due date for such payment. The "Interest Rate" shall mean the rate announced by the then largest state-chartered bank in California (which is presently Bank of America, N.A.), as its prime or reference rate plus three percent (3%) per annum (not to exceed the maximum rate permitted by law).

5. USE OF SUBLEASED PREMISES

5.1 Authorized Use. Sublessee shall use the Subleased Premises solely and exclusively for providing services and support facilities to adults and elderly as follows: providing mental health and other related services to adults and senior adults, including two clinical/rehabilitation programs at the site. These programs including an Assertive Community Treatment ("ACT") program providing mobile and premises-based psychiatric, rehabilitation, and other support services, including subsidized housing, exclusively for senior adults (age 60 and older); and an urgent care center providing psychiatric assessment, medication support and referral services to adults and seniors in San Diego. Sublessee shall keep the Subleased Premises in a clean and wholesome condition at all times and shall maintain a dignified and professional appearance and atmosphere. Sublessee covenants to use said Subleased Premises for the above-specified purposes and to diligently pursue said purposes throughout the term hereof.

5.2 Compliance with Law. Sublessee shall at all times and at Sublessee's sole cost and expense comply with and conform to all municipal, district, city, county, state and federal laws, regulations, requirements or orders, present or future, which in any way relate to the condition, licensing, use or occupancy of the Subleased Premises.

5.3 Waste. Sublessee agrees not to waste or suffer any waste upon the Subleased Premises, nor to use or permit the Subleased Premises to be used for any noxious, unlawful or offensive trade or business, nor to cause, maintain or permit any nuisance upon the Subleased Premises, nor cause or permit any act which obstructs or interferes with the use and enjoyment of

the Property by other Sublessees or their patrons including, without limitation, unusually loud live, recorded or reproduced entertainment.

5.4 Non-Discrimination. Sublessee agrees at all times to fully comply with all laws prohibiting discrimination against any person or class of persons by reason of sex, color, race, religion, handicap or national origin. In complying with all such laws, including, without limitation, the Americans with Disabilities Act of 1990, Sublessee shall be solely responsible for such compliance and required programs and there shall be no allocation of any such responsibility between Sublessor and Sublessee.

5.5 Parking. Except for four (4) parking spaces on the Property, which Sublessee has the right to use for no additional charge or rent, Sublessee agrees that the parking on the Property, is solely for the benefit and use of the Sublessor and is not available for or to be used by the employees, clients, patrons, customers, invitees, or agents of Sublessee or any other persons occupying or using the Subleased Premises. The four (4) parking spaces shall be in an area designated by Sublessor.

5.6 No Interference with Residential Operation/No Smoking. Sublessee shall not interfere with Sublessor's operation of such portion of the Property not included within the Subleased Premises and shall take all necessary action to prohibit its patrons, clients, customers, agents, employees and invitees from interfering with such operations. Sublessor shall have the right to establish a gate or other method to separate the residential portion of the Property operated by Sublessor from the Subleased Premises. No smoking may occur on the Subleased Premises and Sublessee shall take all reasonable action to prohibit such smoking, including, without limitation, posting signs indicating no smoking and removing occupants, employees, clients, patrons, customers, invitees, or agents from the Subleased Premises who are smoking within the Subleased Premises.

6. UTILITIES

6.1 Utility Payment. Sublessee agrees that it shall contract in its own name and pay all charges for sewer, water, fuel, gas, telephone, electricity, refuse disposal, CATV, satellite television, grease trap clean out and other utilities used or consumed in the Subleased Premises before the charges for the same become delinquent. Sublessor makes no representations or warranties to Sublessee that utilities are available or adequate for Sublessee's use and Sublessee shall make its own determination as to such availability and adequacy. Sublessee shall arrange for and pay the cost of providing any and all utilities to the Subleased Premises for Sublessee's use and arranging for and installing at its sole cost and expense any separate meters to monitor Sublessee's use for such utilities. In the event existing utilities available to the Subleased Premises need upgrades or other modifications or improvements to accommodate Sublessee's use, Sublessee shall be solely responsible for all costs and expenses thereof. All costs and expenses for the installation, connection, disconnection and maintenance of such utility services shall be the sole responsibility of Sublessee. In no event shall Sublessor be liable for damages or otherwise for any interruption, reduction, disruption, curtailment or failure in the supply, quality or character of water, gas, electricity, sewer and sanitation or any other service or utility, nor shall any such interruption, reduction, disruption, curtailment or failure, constitute or be deemed to constitute constructive eviction of Sublessee or relieve Sublessee from its obligations under this Lease, except to the extent caused solely by the negligent or intentional acts or omissions of

Sublessor, its agents, employees, contractors, guests and licenses, or solely by Sublessor's breach of this Lease.

6.2 Sublessee may utilize Property trash receptables, for which Sublessor may charge Sublessee a portion of trash pick-up charges based on Sublesssor's reasonable allocation of Sublessee's pro rata use.

7. INSURANCE/WAIVER OF SUBROGATION/INDEMNITY

7.1 Fire and Extended Coverage.

7.1.1 During the period of Sublessee's construction of the Sublease Improvements in the Subleased Premises and until the final completion of such work, Sublessee, at its sole cost and expense, shall maintain Builder's Risk Insurance in an amount sufficient to assure replacement of Sublease Improvements in progress. Said insurance shall name Sublessor, HUD, and City as additional insureds, as their interests may appear.

7.1.2 From and after the Commencement Date and throughout the Term, Sublessee shall keep Sublessee's personal property in and on the Subleased Premises insured against fire and loss or damage by fire, or the elements and all other perils commonly covered under an extended coverage and vandalism endorsement and/or an "all risk" policy for at least one hundred percent (100%) of the replacement value thereof. Sublessee shall pay for all such insurance and shall be responsible for determining the amount of insurance to be carried and all such insurance shall name Sublessor, HUD and City as additional insureds as their interests say appear.

7.2 Public Liability and Property Damage Insurance. Sublessee shall, at its own cost during the period of construction of Sublease Improvements and at all times during the Term, maintain comprehensive commercial liability insurance including bodily injury, personal injury, products liability and property damage with an insurance company or companies satisfactory to Sublessor and City and licensed to do business in California in the amount of not less than One Million Dollars ($1,000,000.00) combined single limit.

7.3 Form of Policies. Each of the insurance policies to be maintained by Sublessee shall be in a form and from an insurer reasonably satisfactory to Sublessor. Each such policy shall provide that before changing or canceling any policy Sublessee shall give Sublessor, its mortgagees and City at least thirty (30) days' prior written notice thereof. Duplicate certificates of all such insurance policies shall be delivered to Sublessor. The first such policies shall be issued at least ten (10) days prior to the Commencement Date and all renewals thereof shall be issued at least twenty (20) days prior to the expiration of the then existing policies. If Sublessee has not secured said insurance or evidenced the securing of such insurance by the delivery of original certificates thereof by such date, Sublessor may, without any obligation to do so, do so and Sublessee shall be liable for the cost thereof as additional Rent. Notwithstanding anything contained herein to the contrary, Sublessee may supply all such insurance as required hereunder, as part of the insurance coverage which Sublessee provides under its Master Lease and Sublessee shall not be required to obtain different or separate policies from that required under the Master Lease.

7.4 Lack of Insurance Coverage. If Sublessee fails or refuses to maintain insurance as required in this Lease, or fails to provide proof of insurance, Sublessor has the right without the obligation to declare this Lease in default without further notice to Sublessee and Sublessor shall be entitled to exercise all legal remedies.

7.5 Insurance is No Limit to Liability. The procuring of such required policies of insurance shall not be construed to limit Sublessee's liability thereunder, nor to fulfill the indemnification provisions and requirements of this Lease. Notwithstanding the procuring of said policies of insurance, Sublessee shall be obligated for the full and total amount of any damage, injury or loss caused by negligence or neglect connected with this Lease or with the use or occupancy of the Subleased Premises.

7.6 Use and Insurance Cancellation. Sublessee agrees not to use the Subleased Premises in any manner, even if the use is for purposes stated herein, that will result in cancellation of any insurance Sublessor may have on the Subleased Premises or the Property, or that will cause cancellation of any other insurance coverage for the Subleased Premises or the Property. Sublessee further agrees not to keep on the Subleased Premises or permit to be kept, used or sold thereon, anything prohibited by any fire or other insurance policy covering the Subleased Premises. Sublessee agrees to pay Sublessor, upon demand, the amount equal to any increase in premiums paid by Sublessor for insurance carried and maintained by Sublessor as a result of any activity or use of the Subleased Premises by Sublessee whether or not such activity or use has been consented to by Sublessor. Sublessee shall, at its sole cost and expense, comply with any and all requirements, regarding the Subleased Premises, of any insurance organization which are necessary for maintaining fire and other insurance coverage at reasonable costs. Certificates in a form acceptable to Sublessor evidencing the existence of the necessary insurance policies shall be kept on file with Sublessor during the Term. All insurance policies shall (except as required by Paragraph 7.8) name Sublessor, its mortgagees and City as additional insured, protect Sublessor against any legal costs in defending claims and will not terminate without written notice to Sublessor. All insurance companies must be satisfactory to Sublessor and licensed to do business in California.

7.7 Hazardous Activities. If Sublessee commits, permits or causes the conduct of any activity or the bringing or operation of any equipment on or about the Subleased Premises creating unusual hazards, Sublessee shall procure and maintain daily on such activity or operation insurance sufficient to cover the risks represented by the unusual hazards. This requirement for unusual hazard insurance shall not constitute a waiver of Sublessor's right to demand the removal, cessation or abatement of any such activity or operation.

7.8 Workers and Employees. Sublessee shall carry and maintain insurance against liability arising on account of injuries or deaths to workers or employees of Sublessee (including Worker's Compensation insurance) on the Subleased Premises or any installation or other improvements of Sublessee in an amount not less than the minimum required under applicable California and federal law. Such insurance shall contain a waiver of subrogation with respect to any claim against Sublessor.

7.9 Subrogation. Sublessor and Sublessee hereby waive any rights each may have against the other on account of any loss or damage suffered by Sublessor or Sublessee, as the case may be, their respective property, the Subleased Premises, or its contents, to the building wherein the Subleased Premises are located or the Property arising from any risk generally covered by fire and extended coverage insurance. Each party, on behalf of their respective

insurance companies insuring the property of either the Sublessor or the Sublessee against any such loss, hereby waives any right of subrogation that it may have against the other. The foregoing waivers of subrogation shall be operative only so long as available in the State of California and do not invalidate any such

7.10 Sublessee's and Sublessor's Indemnification. Sublessee hereby assumes all risk of damage to property and injury to persons, in, on, or about the Subleased Premises from any cause whatsoever and agrees that Sublessor, and its partners, joint venturers, members and shareholders, and their respective officers, members, agents, property managers, servants, employees, and independent contractors (collectively, "Sublessor Parties") shall not be liable for, and are hereby released from any responsibility for, any damage to property or injury to persons or resulting from the loss of use thereof, which damage or injury is sustained by Sublessee or by other persons claiming through Sublessee unless caused in whole or in part by Sublessor's gross negligence or willful misconduct. Sublessee shall defend (by legal counsel reasonably acceptable to Sublessor) , indemnify and hold harmless Sublessor, its officers, officials and employees from and against any and all liability, action, claim, damage and expense including reasonable attorneys' fees incurred in defense thereof and costs arising after the date of this Lease and throughout the Term, which may be imposed upon or incurred by or asserted against Sublessor or Sublessor Parties incurred in connection with or arising from any cause in on or about the Subleased Premises (including, without limitation, Sublessee's installation, placement and removal of Sublease Improvements or Alterations, fixtures and/or equipment in on or about the Subleased Premises), and any acts, omissions or negligence of Sublessee or of any person claiming by, through or under Sublessee, or of the contractors, agents, servants, employees, licensees or invitees of Sublessee in on or about the Subleased Premises and Property; provided, however, that the terms of the foregoing shall not apply to any claims to the extent resulting from the gross negligence or willful misconduct of Sublessor or Sublessor's Parties acting within the scope of their employment. Sublessor shall defend (by legal counsel reasonably acceptable to Sublessee), indemnify and hold harmless Sublessee, its officers, officials and employees from and against any and all liability, action, claim, damage and expense, including reasonable attorneys' fees incurred in defense thereof and costs arising after the date of this Lease and throughout the Term which might be imposed upon or incurred by or asserted against Sublessee by reason of any accident, injury to or death of any person or any damage to property of any kind whatsoever and to whomever belonging (except as set forth in Paragraph 7.10), including, without limitation, Sublessor and its employees, caused by Sublessor's, its agents', servants', or employees' negligence or by Sublessor's breach of this Lease.

7.11 Non-Liability of City or Sublessor. Except as set forth in Paragraph 7.10, neither Sublessor nor City shall be liable to Sublessee for any damages to Sublessee or Sublessee's property from any cause whatsoever and Sublessee waives all claims against Sublessor or City for damages to person(s) or property arising for any reason, except for those claims arising out of Sublessor's or City's or other agent's, employee's or contractor's sole gross negligence or willful misconduct.

7.12 All Risk Insurance/Damage and Destruction. Sublessee shall also pay to Sublessor a portion of the cost of a policy of fire, extended coverage and vandalism insurance for the Premises which Sublessor is required to procure and maintain pursuant to Section IV.B.7 of the Master Lease. Sublessee's share of the costs of such insurance shall be in proportion to which the value of the Subleased Premises bears to the value of the entire Property as determined by the Sublessor in its reasonable discretion. Sublessee shall pay its share of the costs for such policy to

Sublessor within ten (10) days after written notice to Sublessee of such amount due by Sublessor. All insurance proceeds received from a loss under said policy shall be distributed and handled pursuant to paragraph IV.B.7 of the Master Lease. Notwithstanding anything to the contrary herein, in the event that (i) there is damage to the Subleased Premises from a risk not covered by such insurance; (ii) insurance proceeds are inadequate to repair and restore the Subleased Premises and/or the Property or (iii) the City or the mortgagee for the Property will not allow the use of insurance proceeds to restore the Property and/or the Subleased Premises, Sublessor shall have no obligation to repair or restore the Subleased Premises and in such event ,, then either Sublessor or Sublessee may terminate this Sublease within thirty (30) days following a determination of Sublessor not to repair the Subleased Premises.

8. ALTERATIONS BY SUBLESSEE

8.1 Alterations. Except for the Sublease Improvements, Sublessee agrees that it will not make any alterations, additions, improvements or changes which will require a permit or cost in excess of $25,000 (collectively "Alterations") in or to the Subleased Premises without the prior written consent of Sublessor (which may be withheld in its reasonable discretion) and the approval of the City. In the event that Sublessor (and City, if so required) consents to Sublessee's requested Alterations, Sublessee shall be responsible for the entire cost and expense of such Alterations.

8.2 Construction Requirements. The plans and specifications for any Alterations will be submitted to Sublessor and City for approval in the same manner as set forth in the Master Lease. All Alterations shall be under the supervision of a competent architect or licensed engineer and made in accordance with plans and specifications previously approved in writing by Sublessor and City. All work with respect to any Alterations must be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the Subleased Premises shall at all times be a complete unit except during the period of Alteration work. Upon completion of such work, Sublessee shall have recorded in the office of the County Recorder where the Property is located, a Notice of Completion, as required or permitted by law, and Sublessee shall deliver to Sublessor, within ten (10) days after completion of said work, a copy of the building permit and certificate of occupancy with respect thereto. All Alterations shall be performed and done strictly in accordance with the laws and ordinances relating thereto. Sublessee shall have the Alterations work performed in such a manner as to not obstruct the access to the remainder of the Property in any way.

8.3 Insurance for Permitted Alterations. In the event that Sublessee shall make any permitted Alterations to the Subleased Premises under the provisions of this Section 8, Sublessee agrees to carry such insurance as required by Sections 7.1.1 covering any such Alterations, it being expressly understood and agreed that none of such Alterations shall be insured by Sublessor under the insurance it may carry for the Property.

8.4 Alterations Not Including Equipment. For the purposes of this paragraph, Alterations shall not include changes, additions, or deletions of furniture, trade fixtures, and equipment covered by Section 11.

9. MECHANIC'S LIENS

9.1 Sublessee's Covenants. Sublessee agrees that it will pay, or cause to be paid, all costs for work done by it, or caused to be done by it, on the Subleased Premises, and

Sublessee will keep the Subleased Premises free and clear of all mechanic's liens and other such liens on account of work done for Sublessee or persons claiming under Sublessee. Sublessee agrees to and shall at all times save Sublessor and City free and harmless and defend and indemnify them against all liability loss, damage, costs, attorneys' fees and all other expenses on account of claims for labor or materials used in connection with improvements, repairs or alterations in the Subleased Premises.

9.2 Bond. In the event any lien or levy of any nature whatsoever is filed against the Subleased Premises or the leasehold interest of Sublessee, Sublessee shall, upon written request of Sublessor, deposit with Sublessor a bond conditioned for the payment in full of all claims upon which such lien already has been filed. Such bond shall be acknowledged by Sublessee as principal, and by a corporation, licensed by the Insurance Commissioner of the State of California to transact the business as a fidelity and surety insurance company, as surety. Sublessor shall have the right to declare this Lease in default in the event the bond required by this Paragraph 9.2 has not been deposited with Sublessor within five (5) days after receipt of Sublessor's written request therefor.

9.3 Right to Cure. If Sublessee shall be in default in paying any charge or which a mechanic's lien claim and suit to foreclose the lien have been filed, and shall not have given Sublessor security to protect the Property, Sublessor and the City from liability for such claim of lien, Sublessor may, at its option, (but shall not be required to) pay said claim and any costs, and the amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due and owing from Sublessee to Sublessor as Rent under this Lease, and Sublessee shall pay the same to Sublessor with interest at the Interest Rate (as defined herein) from the date of Sublessor's payments.

9.4 Notice of Lien. Should any claim of lien be filed against the Subleased Premises or any action affecting the title to the Property be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.

9.5 Notice of Non-Responsibility. Sublessor or its representatives shall have the right to go upon and inspect the Subleased Premises at all reasonable times and shall have the right to post and keep posted thereon notices of non-responsibility or other such notices which Sublessor may deem to be proper for the protection of Sublessor's interest in the Subleased Premises. Sublessee shall, at least ten (10) days before the commencement of any work which might result in any such lien, give to Sublessor written notice of its intention to do.

10. SIGNS

10.1 Sublessee's Signs. With the prior written approval of Sublessor, which shall not be unreasonably withheld, and the City, Sublessee may erect, maintain and, from time to time, remove Sublessee's signs in or upon the Subleased Premises, as the Sublessee may deem necessary or desirable. All such signs shall be compatible with the design of the Property. Sublessee agrees to obtain all appropriate City and other governmental approvals and permits for Sublessee's signs.

11. FURNITURE, FIXTURES AND EQUIPMENT

11.1 Installation. Sublessee may install its trade fixtures and equipment, and may from time to time during the Term replace and alter its trade fixtures and equipment.

11.2 Removal. Trade fixtures and equipment of any kind placed on the Subleased Premises by Sublessee shall be removed by Sublessee prior to the expiration or earlier termination of this Lease; provided, however, Sublessee agrees to repair any and all damage occasioned by the removal thereof. If any such trade fixtures or equipment are not removed within fifteen (15) days after the expiration or termination of this Lease, the same may be considered abandoned and shall thereupon become the property of Sublessor without cost to Sublessor and without any payment to Sublessee; except that Sublessor shall have the right to have the same removed at the expense of Sublessee.

11.3 Personal Property Taxes. Sublessee shall pay before delinquent all taxes, including sales and use taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operations as well as upon its merchandise, fixtures, equipment and personal property. If any such items of property are assessed with property of Sublessor, then, and in such event, such assessment shall be divided between Sublessor and Sublessee to the end that Sublessee shall pay only its equitable portion of such assessment. Sublessor shall determine the basis of prorating any such assessment and such determination shall be binding upon both Sublessor and Sublessee. No taxes, assessments, fees or charges referred to in this Paragraph 11.3 shall be considered as taxes or assessments under the provisions of Paragraph 12.

12. TAXES AND ASSESSMENTS

12.1 Taxes. Sublessor and Sublessee acknowledge that both Sublessor and Sublessee are tax exempt non-profit corporations and that it is not expected that either party is expected to pay real property taxes or other taxes; however, in the event such taxes are assessed then the provisions of this paragraph 12 shall control. Beginning on the Commencement Date, Sublessee shall pay all taxes and assessments levied, assessed or charged upon the Subleased Premises. If such taxes are not separately allocated to the Subleased Premises and are included in a larger tax bill for including other portions of the Property, the Sublessor and Sublessee shall equitably allocate such taxes to the Subleased Premises based on the size of the Subleased Premises compared to the other improvements and/or real property being assessed.

12.2 Taxes Defined. Under this Lease, the term "taxes and assessments" shall include any form of tax or assessment, license fee, license tax, commercial rental tax, possessory interest tax, levy, charge, penalty or similar imposition by any authority having power to tax, including any municipal, district, city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district, on any legal or equitable interest of Sublessor, City or Sublessee in the Property and the Property, including without limitation:

12.2.1 Any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge on land, buildings, waterways, or property it being acknowledged by Sublessee and Sublessor that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formally provided without charge to property owners or occupants, and it being the intention of Sublessee and Sublessor that any and all such new and increased assessments, taxes, fees, levies and charges be included within the definition of "taxes and assessments" for the purposes of this Lease.

12.2.2 Any assessment, tax, fee, levy or charge allocable to or measured by the area of the Property or the Property, any gross income tax or excise tax levied by the state, city or federal government, or any political subdivision thereof, with respect to the receipt of Rent, or upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Property. In the event and to the extent any tax is imposed in substitution or in lieu of a tax or assessment, any increase in any tax or assessment, such tax shall, for the purposes of this Lease, be considered taxes and assessments regardless of the source from which it is collected.

13. ASSIGNMENT OR SUBLEASE

13.1 Lease is Personal. The purpose of this Lease is to transfer possession of the Subleased Premises to Sublessee for Sublessee's personal use in return for Rent and other consideration to be given by Sublessee to Sublessor. Sublessee acknowledges and agrees that Sublessee may ***not***, under any circumstances whatsoever, assign its interest in this Lease without the written consent of the City, HUD and the Sublessor, which such consent shall not be unreasonably withheld or delayed. Any attempted transfer without Sublessor's, HUD's and City's advance written consent shall constitute a default hereunder and shall be void.

14. SUBLESSEE'S CONDUCT OF BUSINESS

14.1 Equal Employment Opportunity and Non-Discrimination. Sublessee agrees to comply with Title VII of the Civil Rights Act of 1964, as amended, the California Constitution, the California Fair Employment and Housing Act and any other applicable federal, state or local laws and regulations now existing or hereinafter enacted, requiring equal employment opportunities or prohibiting discrimination, including without limitation, laws and regulations prohibiting discrimination because of race, color, ancestry or national origin, religion, age, sex or disability. Upon reasonable notice, Sublessee shall make available to Sublessor and City for inspection and copying all of its records relevant to compliance with this provision.

15. MAINTENANCE AND REPAIRS

15.1 Maintenance. Sublessee shall, at its sole expense, keep and maintain in good appearance and in good order, condition and repair the Subleased Premises (including replacement of parts and equipment, if necessary) during the term of the Lease, including, but not limited to, the interior surfaces of the exterior walls, the exterior and interior portions of all doors, door frames, door checks, other entrances, suite fronts, signs, all plumbing and sewage facilities within the Subleased Premises, fixtures, interior walls, floors, ceilings, carpets, drapes, wall coverings', cabinets, shelves and all other improvements or installations within the Subleased Premises whether any such work or repair, replacement, renewal or restoration is foreseen or unforeseen or is ordinary or extraordinary. Sublessee shall provide the Subleased Premises, at its own expense, with all painting, interior and exterior window washing, plumbing and plumbing fixtures. Sublessee shall, at its own expense, keep and maintain the Subleased Premises in a clean, sanitary and safe condition. Notwithstanding anything to the contrary herein, Sublessee shall be responsible for all repairs to the Subleased Premises, exterior and interior, structural and non-structural which are made necessary by any misuse, negligence or neglect by Sublessee or any of its officers, agents, employees, contractors, licensees or invitees. Sublessor shall repair and maintain the structural portions of the Subleased Premises, including without limitation, the foundation, exterior walls (excluding glass and doors) subflooring and the roof and the systems connecting to and servicing the Subleased Premises with heating, ventilating, air

conditioning, plumbing, fire alarm and sprinklers, and electrical services. Sublessor shall not be liable for any failure to make any repair or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need for such repairs or maintenance is given to Sublessor by Sublessee. There shall be no abatement of rent and no liability of Sublessor by reason of any injury to or interference with Sublessee's business arising from the making of any repairs, alterations, or improvements. As to HVAC, elevator systems, and fire alarm systems on the Property, Sublessee shall on request of Sublessor pay a percentage share of maintenance and repair for the same based on a pro rata calculation relative to square feet occupied by Sublessor and Sublessee, however, in the event HVAC, elevator systems and/or fire alarms are rendered irreparable, the complete cost of replacing the same must be borne by Sublessor.

15.2 Sublessor's Right to Inspect. For the purpose of keeping the Subleased Premises in a good, safe, healthy and sanitary condition, Sublessor shall always have the right, without the duty, to enter, view, inspect and determine the condition of and protect its interests in, the Subleased Premises, including the right to determine if Sublessee is complying with this Lease; except in the case of emergency, Sublessor shall provide Sublessee with at least twenty-four (24) hours' notice. If inspection discloses that the Subleased Premises are not in the condition described, Sublessee must perform the necessary maintenance work within ten (10) days after written notice from Sublessor. The amount of this bond shall be adequate, in Sublessor's opinion, to correct the unsatisfactory condition. Notwithstanding the foregoing, Sublessor shall not be required at any time to maintain or to make any improvements or repairs whatsoever on or for the benefit of the Subleased Premises that are the obligation of Sublessee under this Lease, or to maintain or repair any utilities located within the Subleased Premises but serving other portions of the Property. Sublessor shall not be liable to Sublessee for any damage or interruption in Sublessee's business caused by such entry, maintenance or repairs unless caused solely by the gross negligent or intentional acts or omissions of Sublessor, its agents, employees or contractors or solely by Sublessor's breach of this Lease. The rights reserved in this Section 15.2 shall not create any obligations or increase any obligation for Sublessor elsewhere in this Lease.

15.3 Sublessor's Right to Enter and Repair. Sublessee agrees Sublessor may enter the Subleased Premises and make any necessary repairs to the Subleased Premises and perform any work thereon (i) which may be necessary to comply with any laws, ordinances, rules or regulations of any public authority or of any similar body, or the requirements of the insurers of Sublessee, Sublessor or City; (ii) to maintain or repair any utilities located within the Subleased Premises but serving other portions of the Property; (iii) that Sublessee is obligated to make under the terms of this Lease, or (iv) that Sublessor deems necessary to prevent any waste or deterioration of the Subleased Premises, if the Sublessee does not repair or cause such repairs to be performed within thirty (30) days after receipt of the written demand for such repairs from Sublessor, unless the nature of the repair will reasonably require more than thirty (30) days to complete, in which event Sublessee must have commenced such repair within the thirty (30) day period and proceed diligently to complete such repair. During the progress of any work on the Subleased Premises by Sublessor, Sublessor or its agents may keep and store upon the Subleased Premises all necessary materials, tools and equipment and Sublessor shall not be liable for any inconvenience, annoyance, disturbance, loss of business or other damage to Sublessee, and the obligations of Sublessee under this Lease shall not be affected; provided, however, Sublessor shall make reasonable efforts to conduct such activities in a manner designed to minimize any disruption to Sublessee's business and, to that end, will, when reasonably possible, conduct such

activities when Sublessee is not open for business. Sublessor's rights under this Paragraph 15.3 shall not impose any duty on Sublessor to make any such repairs, nor maintain or make any improvements whatsoever on or for the benefit of the Subleased Premises that are the obligation of the Sublessee under this Lease, or to maintain or repair any utilities located within the Subleased Premises but serving other portions of the Property, nor constitute a waiver of Sublessee's failure to do the same. If Sublessor makes or causes to be made any repairs which Sublessee is obligated to make under Paragraph 15.1, Sublessee shall pay to Sublessor as additional Rent upon demand the cost of such repairs, plus a supervision fee equal to ten percent (10%) of such costs, the total of which shall bear interest at the Interest Rate.

15.4 Sublessee's Waiver. Sublessee waives the provisions of any law permitting repairs by a Sublessee at the expense of Sublessor, including all rights by a Sublessee under Sections 1941 and 1942 of the California Civil Code.

16. BANKRUPTCY/INSOLVENCY

16.1 Right of Termination. The filing by Sublessee of any petition for relief under the provisions of Federal Bankruptcy Law, including any petition for reorganization, or the making by Sublessee of a general assignment for the benefit of Sublessee's creditors, or any action at the corporate or partnership level taken by Sublessee to authorize either of the foregoing actions to be taken on behalf of Sublessee, or the appointment of a receiver or trustee to take possession of all or substantially all of the assets of Sublessee, or any action taken or suffered by Sublessee under any State insolvency law now or hereafter in effect, or the taking or seizing of the Subleased Premises or any portion thereof under levy of execution or attachment against Sublessee, shall constitute a breach of this Lease by Sublessee and in such event Sublessor may at its option terminate this Lease upon written notice to Sublessee.

16.2 Automatic Transfer. It is understood and agreed that neither this Lease nor any interest herein, nor any estate hereby created, in favor of Sublessee, shall pass by operation of law under any state or federal insolvency or bankruptcy act, or any similar law now or hereafter in effect, to any trustee, receiver, assignee for the benefit of creditors, or any other person whomsoever without the prior written consent of Sublessor and City. Any transfer in violation of the provisions of this Paragraph 16 shall constitute a breach of this Lease by Sublessee.

17. DEFAULT BY SUBLESSEE

17.1 Events of Default. The occurrence of any of the following shall constitute a default by Sublessee and a breach of this Lease:

17.1.1 Failure to pay Rent within fifteen (15) days of when due;

17.1.2 Abandoning the Subleased Premises or failing or refusing to occupy and operate the Subleased Premises in accordance with this Lease;

17.1.3 Failing or refusing to perform fully and promptly any covenant or condition of this Lease, other than those specified in Paragraphs 17.1.1 and 17.1.2, the breach of which the Sublessee is capable of curing after reasonable notice from Sublessor, but in no event shall such cure period exceed thirty (30) days;

17.1.4 Sublessee or any guarantor of this Lease shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest the material allegations of a petition filed against it in any such proceeding;

17.1.5 A proceeding is commenced against Sublessee or any guarantor of this Lease seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, and such proceeding shall not have been dismissed within sixty (60) days after the commencement thereof; or

17.1.6 A receiver or trustee shall be appointed for the Subleased Premises or for all or substantially all of the assets of Sublessee or of any guarantor of this Lease and such proceeding shall not have been dismissed within sixty (60) days after the commencement thereof.

17.2 Notices. Following the occurrence of any of the defaults specified in Paragraphs 17.1.1, 17.1.2 and 17.1.3, Sublessor shall give Sublessee a written notice specifying the nature of the default and demanding that Sublessee either fully cure each such default within the time period specified in this Paragraph 17.2 for cure of such default or quit the Subleased Premises and surrender the same to Sublessor:

17.2.1 For nonpayment of Rent or other monetary charge, three (3) days, as required by statute;

17.2.2 For failure to use the Subleased Premises in accordance with the provisions of this Lease, ten (10) days;

17.2.3 For failure or refusal to perform fully and promptly any covenant or condition of this Lease, other than those specified in Paragraph 17.2.1, thirty (30) days;

17.2.4 For abandonment of the Subleased Premises, fifteen (15) days if personally served or eighteen (18) days if mailed, as required by statute.

No notice to Sublessee shall be required for defaults specified in Paragraphs 17.1.4, 17.1.5 or 17.1.6.

17.3 Sublessor's Rights and Remedies. Should Sublessee fail to cure within the time period specified in Paragraph 17.2 any default specified in Paragraph 17.1 ("Event of Default"), Sublessor, in addition to any other rights or remedies available to Sublessor at law or in equity, shall have the right to either:

17.3.1 Terminate this Lease and all rights of Sublessee under this Lease by giving Sublessee written notice that this Lease is terminated, in which case Sublessor may recover from Sublessee the aggregate sum of:

(i) the worth at the time of award of any unpaid Rent that had been earned at the time of termination;

(ii) the worth at the time of award of the amount by which (1) the unpaid Rent that would have been earned after termination until the time of award exceeds (2) the amount of the rental loss, if any, as Sublessee affirmatively proves could have been reasonably avoided;

(iii) the worth at the time of award of the amount by which (1) the unpaid Rent for the balance of the Term after the time of award exceeds (2) the amount of rental loss, if any, as Sublessee affirmatively proves could be reasonably avoided;

(iv) any other amount necessary to compensate Sublessor for all the detriment caused by Sublessee's failure to perform Sublessee's obligations or that, in the ordinary course of things, would be likely to result from Sublessee's failure, including but not limited to the cost of recovering possession of the Subleased Premises, reasonable attorney's fees, expenses of reletting, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired Term of this Lease; and

(v) all other amounts in addition to or in lieu of those previously set out as may be permitted from time to time by applicable California law. As used in clauses i and ii of Paragraph 17.3.1, the "worth of the time of award" is computed by allowing interest at the Interest Rate. As used in clause (iii) of Paragraph 17.3.1, the "worth of the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

17.3.2 Continue this Lease and, from time to time, without terminating this Lease, recover all Rent and other amounts payable as they become due.

17.3.3 None of the following remedial actions, alone or in combination, shall be construed as an election by Sublessor to terminate this Lease unless Sublessor has in fact given Sublessee written notice that this Lease is terminated or unless a court of competent jurisdiction decrees termination of this Lease: (i) any act by Sublessor to maintain or preserve the Subleased Premises, (ii) any efforts by Sublessor to relet the Subleased Premises, (iii)the appointment of a receiver upon the initiative of Sublessor to protect Sublessor's interest in the Subleased Premises and (iv) withholding consent to or termination a subletting or assignment of this Lease in accordance with the terms of this Lease. If Sublessor takes any of the previous remedial actions without terminating this Lease, Sublessor may nevertheless at any later time terminate this Lease by written notice to Sublessee.

17.4 Sublessor's Cure of Sublessee's Default. Sublessor shall have the right, after expiration of Sublessee's cure period, to take any action necessary or appropriate, including entering the Subleased Premises, to cure any default. All costs incurred by Sublessor to cure any such default, including reasonable attorneys' fees, with interest, shall become immediately due and payable by Sublessee upon demand as additional Rent. Nothing in this Paragraph 17.4 shall preclude or limit Sublessor from electing to terminate this Lease pursuant to Paragraph 17.3.1 upon written notice to Sublessee.

17.5 Fixtures and Personal Property. In the event of a default, all of the Sublessee's fixtures, furniture, equipment, improvements, additions, alterations, and other personal property shall remain on the Subleased Premises, and in that event, and continuing during the length of said default, Sublessor shall have the right to take exclusive possession of the same or to use the same, free of Rent or any other charge until all defaults are cured or, at its option, at any time during the Term, to require Sublessee to remove the same.

17.6 No Waiver. The waiver by Sublessor of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition contained in this Lease. The subsequent acceptance of Rent by Sublessor shall not be deemed to be a waiver of any preceding breach by Sublessee of any term, covenant, or condition of this Lease or of any right of Sublessor to a forfeiture of this Lease by reason of such breach, regardless of Sublessor's knowledge of such preceding breach at the time of acceptance of such Rent. No term, covenant or condition of this Lease shall be deemed to have been waived by Sublessor unless such waiver be in writing and signed by Sublessor.

18. DEFAULT BY SUBLESSOR

18.1 Sublessor's Default; No Right of Termination. Sublessor shall not be charged with default in the performance at any of its obligations hereunder unless Sublessor fails to perform such obligations within thirty (30) days, or such additional time as is reasonably required to correct any such default, after written notice by Sublessee to Sublessor specifying Sublessor's default. Sublessee agrees that it will, concurrently with the giving of any notice of default to Sublessor, mail a duplicate of such default notice to HUD and City. Sublessee further agrees that it will, prior to exercising any remedies by reason of such default give HUD and City a reasonable opportunity to make performance for and on behalf of Sublessor.

19. EMINENT DOMAIN

19.1 Taking Resulting in Termination. In the event the entire Subleased Premises shall be appropriated or taken under the power of eminent domain by any public or quasi-public authority, this Lease shall terminate and expire as of the date of such taking, and Sublessor and Sublessee shall each thereupon be released from any further liability accruing under this Lease.

19.1.1 In the event more than twenty-five percent (25%) of the rentable area of the Subleased Premises is taken under the power of eminent domain by any public or quasi-public authority, or if by reason of any appropriation or taking, regardless of the amount so taken, the remainder of the Subleased Premises is not satisfactory for Sublessee's business operations in the reasonable opinion of Sublessee, Sublessee shall have the right to terminate this Lease as of the date Sublessee is required to vacate a portion of the Subleased Premises, upon giving notice in writing of such election within thirty (30) days after receipt by Sublessee from Sublessor of written notice that said Subleased Premises has been so appropriated or taken. In the event of such termination, both Sublessor and Sublessee shall thereupon be released from any liability thereafter accruing under this Lease. Sublessor agrees immediately after learning of any proposed appropriation or taking to give to Sublessee notice in writing thereof.

19.2 Award. If this Lease is terminated in either manner as provided in Paragraph 19.1, Sublessor and City, as their interests may appear, shall be entitled to the entire award or

compensation in such proceedings, excepting that portion thereof relating to Sublessee's personal property, relocation and business loss, to which Sublessee shall be solely entitled to same. The Rent and other charges for the last month of Sublessee's occupancy shall be prorated through the date of Lease termination.

19.3 Partial Taking. If this Lease is not so terminated as a result of a partial taking, Sublessee shall continue to occupy that portion of the Subleased Premises which shall not have been appropriated or taken and the parties will proceed as follows: (i) at Sublessor's cost and expense and soon as is reasonably possible, Sublessor will restore the Subleased Premises to a complete unit of like quality and character as existed prior to such appropriation or taking; and (ii) Sublessor and City, as their interests may appear, shall be entitled to the entire award or compensation in such proceedings, except that portion thereof associated with the appropriation or taking of Sublessee's personal property. Sublessee hereby waives any statutory rights of termination which may arise by reason of any partial taking of the Subleased Premises under the power of eminent domain.

19.4 Transfer Under Threat of Taking. For the purposes of this Paragraph 19, a voluntary sale or conveyance under threat and in lieu of condemnation shall be deemed an appropriation or taking under the power of eminent domain.

20. ATTORNEYS' FEES

20.1 Attorneys' Fees. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Lease, the prevailing party shall be entitled to a reasonable attorneys' fees and costs which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled and including, without limitation, any such fees or costs incurred on any appeal from such action or proceeding.

21. SUBORDINATION; ATTORNMENT

21.1 Subordination. This Lease, and the rights of Sublessee hereunder, shall be subject and subordinate to the Master Lease.

21.2 Attornment. If any right or interest in the Subleased Premises or this Lease is sold or transferred by judicial or non-judicial sale, deed in lieu of foreclosure or any other proceeding or action commenced to enforce an encumbrance, Sublessee shall attorn to such purchaser, transferee or grantee, as the case may be, and recognize such purchaser, transferee or grantee as Sublessor under and for the purposes of this Lease.

21.3 Estoppel Certificate. Within ten (10) days after written request of Sublessor, Sublessee shall execute, acknowledge and deliver to Sublessor a statement certifying: (i) this Lease is unmodified and in full force and effect (or, if there have been modifications, the same is in full force and effect as modified, and stating the modifications); (ii) any existing offsets or defenses against the enforcement of any provisions of this Lease (and, if so, specifying the same); (iii) the dates to which Rent or other charges have been paid in advance; and (iv) such other matters as Sublessor may reasonably request. This certificate may be relied upon by any prospective purchaser, lessor, mortgagee or holder of a deed of trust on the Subleased Premises. Sublessee's certification shall not preclude Sublessee from asserting an existing default of Sublessor of which Sublessee did not have actual knowledge on the date of certification.

22. HAZARDOUS SUBSTANCES

22.1 Reportable Uses Require Consent. The term "Environmental Laws" means all federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees or requirements of any government authority regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Substance (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances or regulations relate to Hazardous Substances on, under or about the Property), occupational or environmental conditions on, under or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") [42 USCS § 9601 *et seq.*]; the Resource Conservation and Recovery Act of 1976 ("RCRA") [42 USCS § 6901 *et seq.*]; the Clean Water Act, also known as the Federal Water Pollution Control Act ("FWPCA") [33 USCS § 1251 *et seq.*]; the Toxic Substances Control Act ("TSCA") [15 USCS § 2601 *et seq.*]; the Hazardous Materials Transportation Act ("HMTA") [49 USCS § 1801 *et seq.*]; the Insecticide, Fungicide, Rodenticide Act [7 USCS § 136 *et seq.*]; the Superfund Amendments and Reauthorization Act [42 USCS § 6901 *et seq.*]; the Clean Air Act [42 USCS § 7401 *et seq.*]; the Safe Drinking Water Act [42 USCS § 300f *et seq.*]; the Solid Waste Disposal Act [42 USCS § 6901 *et seq.*]; the Surface Mining Control and Reclamation Act [30 USCS § 1201 *et seq.*]; the Emergency Planning and Community Right to Know Act [42 USCS § 11001 *et seq.*]; the Occupational Safety and Health Act [29 USCS §§ 655 and 657]; the California Underground Storage of Hazardous Substances Act [H & S C § 25280 *et seq.*]; the California Hazardous Substances Account Act [H & S C § 25300 *et seq.*]; the California Hazardous Waste Control Act [H & S C § 25100 *et seq.*]; the California Safe Drinking Water and Toxic Enforcement Act [H & S C § 24249.5 *et seq.*]; the Porter-Cologne Water Quality Act [Wat C § 13000 *et seq.*] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state or local law, statute, ordinance or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, but only to the extent that the occupational health or industrial hygiene laws, ordinances or regulations relate to Hazardous Substances on, under or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water or land use. The term "Hazardous Substances" includes without limitation: (i) those substances included within the definitions of "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "solid waste," or "pollutant or contaminant" in CERCLA, RCRA, TSCA, HMTA or under any other Environmental Law; (ii) those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the Environmental Protection Agency (EPA), or any successor agency, as hazardous substances [40 CFR Part 302]; (iii) other substances, materials and wastes that are or become regulated or classified as hazardous or toxic under federal, state or local laws or regulations; and (iv) any material, waste or substance that is (a) a petroleum or refined petroleum product, (b) asbestos, (c) polychlorinated biphenyl, (d) designated as a hazardous substance pursuant to 33 USCS Section 1321 or listed pursuant to 33 USCS Section 1317, (e) a flammable explosive, or (f) a radioactive material. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank; (ii) the generation, possession, storage, use, transportation or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority; and (iii) the presence in, on or about the Subleased Premises of a Hazardous Substance with respect to which any Applicable Requirements (as defined in Section 22.4 below) require that a notice be given to persons entering or occupying the Subleased Premises or neighboring properties. Notwithstanding the

foregoing, Sublessee may, without Sublessor's prior consent, but upon notice to Sublessor and in compliance with all Applicable Requirements, use any ordinary and customary materials reasonably required to be used by Sublessee in the normal course of the uses of the Sublessee permitted under this Lease, so long as such use is not a Reportable Use and does not expose the Subleased Premises or neighboring properties to any meaningful risk of contamination or damage or expose Sublessor to any liability therefore and Sublessee complies with all Applicable Requirements. In addition, Sublessor may (but without any obligation to do so) condition its consent to any Reportable Use of any Hazardous Substance by Sublessee upon Sublessee's giving Sublessor such additional assurances as Sublessor, in its reasonable discretion, deems necessary to protect itself, the public, the Subleased Premises and the environment against damage, contamination or injury and/or liability therefor, including, but not limited to, the installation (and, at Sublessor's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Subleased Premises (such as concrete encasement).

22.2 Duty to Inform Sublessor. If Sublessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on or under or about the Subleased Premises or any building constructed thereon, other than as previously consented to by Sublessor, Sublessee shall immediately give Sublessor written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Substance, including, but not limited to, all such documents as may be involved in any Reportable Use involving the Subleased Premises. Sublessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, or under or about the Subleased Premises (including, without limitation, through the plumbing or sanitary sewer system).

22.2.a. Sublessee has notified Sublessor, and Sublessor has approved, that in the course of its' business Sublesse produces medical waste, and in accordance with all current laws and regulations maintains a contract with a qualified vendor for medical waste containers, pick-up and disposal on a scheduled basis.

22.3 Indemnification. Sublessee shall indemnify, protect, defend and hold Sublessor and City, its officers, employees and lenders, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Subleased Premises by or for Sublessee or by anyone under Sublessee's control. Sublessee's obligations under this Paragraph 22.3 shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Sublessee, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Sublessor and Sublessee shall release Sublessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Sublessor in writing at the time of such agreement.

22.4 Sublessee's Compliance with Requirements. Except as otherwise specifically set forth in this Lease, Sublessee shall, at Sublessee's sole cost and expense, fully, diligently and in a timely manner, comply with all Applicable Requirements, which term as used in this Lease

to mean all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, permits and the requirements of any applicable fire insurance underwriter or rating bureau relating in any manner to the Subleased Premises (including but not limited to matters pertaining to (i) environmental conditions on, in, under or about the Subleased Premises, including soil and groundwater conditions, to the extent brought onto the Subleased Premises by or for Sublessee or by anyone under Sublessee's control, and (ii) the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill or release of any Hazardous Substance), now in effect or which may hereafter come into effect. Sublessee shall, within five (5) days after receipt of Sublessor's written request, provide Sublessor with copies of all documents and information, including, but not limited to, permits, registrations, manifests, applications, reports and certificates, evidencing Sublessee's compliance with any Applicable Requirements specified by Sublessor, and shall promptly upon receipt, notify Sublessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Sublessee or the Subleased Premises to comply with any Applicable Requirements.

22.5 Inspection; Compliance with Law. Sublessor, City, Sublessor's agents, employees, contractors and designated representatives, and the holders of any mortgages or deeds of trust on the Subleased Premises ("Lenders") shall have the right to enter the Subleased Premises at any time in the case of an emergency, and otherwise at reasonable times upon reasonable notice, for the purpose of inspecting the condition of the Subleased Premises and for verifying compliance by Sublessee with this Lease and all Applicable Requirements (as defined in Paragraph 22.4), and Sublessor and City shall be entitled to employ experts and/or consultants in connection therewith to advise Sublessor and City with respect to Sublessee's activities, including, but not limited to, Sublessee's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Subleased Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless an uncured default or breach of this Lease by Sublessee or a violation of Applicable Requirements or a contamination, caused by Sublessee, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination; in such case, Sublessee shall upon request reimburse Sublessor or City, as the case may be, for the costs and expenses of such inspections.

22.6 Disclosure by Sublessor. Sublessee acknowledges that Sublessor has disclosed to Sublessee the existence of certain Hazardous Substances on the Property which are more particularly described in Exhibit C attached hereto.

23. NOTICES

23.1 Notices. Any notice to be given under this Lease by one party to the other shall be in writing and hand delivered, or sent via certified mail, postage prepaid, or via facsimile to the parties at the addresses or facsimile numbers listed below, or such other address or facsimile number as a party may designate by a written notice made pursuant to this Paragraph. Notices, if sent by mail shall be deemed served two (2) days after the date of mailing or, if sent by facsimile, shall be deemed served upon dispatch.

If to Sublessee: Community Research Foundation
Linda Hammond, President
1202 Morena Blvd., Suite 300
San Diego, CA 92110
619-275-0822
619-275-1422 (fax)

If to Sublessor: San Diego Kind Corporation
1045 9th Avenue
San Diego, CA 92101
(619) 239-7145
(619) 239-7462 (fax)

Either party may change such address by written notice to the other party as provided above.

23.2 Certain Default Notices. Notwithstanding anything to the contrary contained in this Paragraph 23, any notice Sublessor is required or authorized to deliver to Sublessee under this Lease shall be deemed to have been duly given to Sublessee by delivering a copy of such notice to one (1) of Sublessee's managing employees at the Subleased Premises or by mailing a copy of such notice to Sublessee in the manner specified above. In the event Sublessor gives notice as provided in this Paragraph 23 by delivering a copy to one of Sublessee's managing employees at the Subleased Premises, Sublessor shall also at the same time fax a copy to Sublessee and deposit a copy of such notice in the United States mail, postage prepaid, addressed to Sublessee at its address first specified in Paragraph 23.1; however, such mailing shall not diminish or in any way alter the effectiveness of the notice delivered to Sublessee's employee.

24. WAIVER OR CONSENT LIMITATION

24.1 Water or Consent Limitation. No waiver, benefit or privilege voluntarily given or performed by either party shall give the other party any contractual right by custom, estoppel or otherwise. Sublessor's consent to or approval of any act by Sublessee requiring Sublessor's consent or approval shall not be deemed to waive or render unnecessary Sublessor's consent to or approval of any subsequent similar act by Sublessee. The acceptance of Rent or any payment after termination of this Lease shall not constitute a reinstatement, extension or renewal of the Lease or revocation of any notice or other act by Sublessor.

25. MISCELLANEOUS

25.1 Incorporation by Reference. All exhibits and any other documents attached hereto are incorporated herein by this reference.

25.2 Holdover. This Lease shall terminate without further notice at the expiration of the Term. Any holding over by Sublessee after expiration or earlier termination of this Lease shall not constitute a renewal or extension or give Sublessee any rights in or to the Subleased Premises. If Sublessee, with Sublessor's and City's express written consent, remains in possession of the Subleased Premises after expiration or earlier termination of the Term or after the date in any notice given by Sublessor to Sublessee terminating this Lease, such possession by Sublessee shall be deemed to be a month-to-month tenancy terminable on thirty (30) days prior written notice given at any time by either party. During any such month-to-month tenancy, Sublessee shall pay all Rent and all other charges as required by this Lease. All provisions of

this Lease, except those pertaining to the Term, shall apply to the month-to-month tenancy. If Sublessee fails to surrender the Subleased Premises upon the expiration of this Lease, despite demand to do so by Sublessor, Sublessee shall indemnify and hold Sublessor harmless from all loss, liability, costs and expenses, including attorneys' fees, incurred by Sublessor as a result of such holdover, including, without limitation, any claims made by any succeeding Sublessee, and, in addition shall pay all Percentage Rent and all other charges as required by this Lease.

25.3 Transfer by Sublessor. If Sublessor or Sublessor's successor in interest transfers its interest in this Lease, Sublessor, or its successor in interest, shall automatically be freed and relieved from all personal liability for the performance of any obligation after the date of such transfer or conveyance. Any funds in which Sublessee has an interest which are in the hands of Sublessor, or its successor in interest, shall be turned over to the transferee.

25.4 Time of the Essence. Time is of the essence under this Lease.

25.5 Force Majeure. The occurrence of any of the following events ("Force Majeure Events") shall excuse such obligations of Sublessor or Sublessee as are thereby rendered impossible or reasonably impracticable for so long as such event continues: lockout; labor dispute; acts of God; inability to obtain labor, materials, or reasonable substitutes therefore; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil commotions; fire or other casualties; and other causes beyond the reasonable control of, but not caused by, the party obligated to perform. Notwithstanding the foregoing, the occurrence of such events shall not excuse the Sublessee's obligations to pay Rent or any other charge.

25.6 Quiet Possession. Sublessor agrees that Sublessee, upon paying the Rent and all other charges provided for in this Lease and performing all the covenants and conditions of this Lease, may quietly have, hold and enjoy the Subleased Premises from the Commencement Date until the end of the Term; subject, however, to the provisions of the Master Lease and any mortgage, subground leases, agreements and encumbrances to which this Lease is or may become subordinate.

25.7 Headings/Number and Gender. The captions and paragraph headings at this Lease are inserted only as a matter of convenience and no way define, limit or describe the scope of the meaning or intent of the provisions of this Lease. Words of gender shall include any other gender, singular words include the plural and the word "person" includes individuals, firms, partnerships, joint ventures, corporations, trusts and other types of entities or associations.

25.8 Governing Law and Severability. This Lease is entered into at San Diego, California, and shall be governed and construed under California Laws applicable to contracts made and to be performed entirety in California. If any provision of this Lease is invalid or contravenes California law, such provision shall be deemed not to be a part of this Lease and shall not affect the validity or enforceability of the remaining provisions.

25.9 Binding Effect. Subject to restrictions on the rights of Sublessee to transfer, assign or sublet this Lease, this Lease shall be binding upon and inure to the benefit of Sublessor and Sublessee and their respective heirs, beneficiaries, legal representatives, successors and assigns.

25.10 Amendments and Modification. This Lease may be amended or modified by a written instrument executed by both parties. This Lease shall not be amended or modified in any respect without the prior written consent of City. Any purported amendment or modification without such prior written consent shall be null and void.

25.11 Negation of Partnership. Sublessor shall not become or be deemed a partner or a joint venturer with Sublessee by reason of the provisions of this Lease.

25.12 Entire Agreement. This Lease, all attached exhibits and all documents incorporated by reference supersede all oral statements and representations and contain the entire agreement of the parties with respect to Sublessee's use and occupancy of the Subleased Premises. Sublessee specifically acknowledges and agrees that Sublessor has not in any fashion solicited Sublessee's execution of this Lease or Sublessee's occupancy of the Subleased Premises during the Term, nor has Sublessor made any representation, claim or warranty to Sublessee in connection with Sublessee's execution of this Lease and occupancy of the Subleased Premises during the Term.

25.13 Brokers. In connection with this Lease, each party represents and warrants that it has not dealt with or taken any action with any other party in a manner so as to give rise to any valid claim against either party for a broker's commission of finder's fee in connection with the execution of this Lease. Each of the parties will indemnify, defend and hold harmless the other from and against all claims, demands and liabilities arising out of its breach of the foregoing representation and warranty.

25.14 Consent. Whenever the consent or approval of either party is required pursuant to this Lease, except as otherwise expressly provided herein, such consent or approval will not be unreasonably withheld or delayed.

25.15 Modification of Lease. Should HUD or City require a modification of this Lease, which modification will not cause an increased cost or expense to Sublessee or in any other way materially and adversely change the liability, rights and obligations of Sublessee hereunder, then and in such event, Sublessee agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefore and to deliver the same to Sublessor within twenty (20) days following a request therefore. At the request of Sublessor or any mortgagee, Sublessee agrees to execute a short form of Lease and deliver the same to Sublessor within twenty (20) days following the request therefore.

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

Sublessee:	Sublessor:
COMMUNITY RESEARCH FOUNDATION	SAN DIEGO KIND CORPORATION
By: (William Hawthorne)	By: _____
Its: EXECUTIVE DIRECTOR	Its: _____
By: _____	By: _____
Its: _____	Its: _____

25.10 Amendments and Modification. This Lease may be amended or modified by a written instrument executed by both parties. This Lease shall not be amended or modified in any respect without the prior written consent of City. Any purported amendment or modification without such prior written consent shall be null and void.

25.11 Negation of Partnership. Sublessor shall not become or be deemed a partner or a joint venturer with Sublessee by reason of the provisions of this Lease.

25.12 Entire Agreement. This Lease, all attached exhibits and all documents incorporated by reference supersede all oral statements and representations and contain the entire agreement of the parties with respect to Sublessee's use and occupancy of the Subleased Premises. Sublessee specifically acknowledges and agrees that Sublessor has not in any fashion solicited Sublessee's execution of this Lease or Sublessee's occupancy of the Subleased Premises during the Term, nor has Sublessor made any representation, claim or warranty to Sublessee in connection with Sublessee's execution of this Lease and occupancy of the Subleased Premises during the Term.

25.13 Brokers. In connection with this Lease, each party represents and warrants that it has not dealt with or taken any action with any other party in a manner so as to give rise to any valid claim against either party for a broker's commission of finder's fee in connection with the execution of this Lease. Each of the parties will indemnify, defend and hold harmless the other from and against all claims, demands and liabilities arising out of its breach of the foregoing representation and warranty.

25.14 Consent. Whenever the consent or approval of either party is required pursuant to this Lease, except as otherwise expressly provided herein, such consent or approval will not be unreasonably withheld or delayed.

25.15 Modification of Lease. Should HUD or City require a modification of this Lease, which modification will not cause an increased cost or expense to Sublessee or in any other way materially and adversely change the liability, rights and obligations of Sublessee hereunder, then and in such event, Sublessee agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefore and to deliver the same to Sublessor within twenty (20) days following a request therefore. At the request of Sublessor or any mortgagee, Sublessee agrees to execute a short form of Lease and deliver the same to Sublessor within twenty (20) days following the request therefore.

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

Sublessee:	Sublessor:
COMMUNITY RESEARCH FOUNDATION	SAN DIEGO KIND CORPORATION
By: _____	By: Percil Stanford, PhD, by fax
Its: _____	Its: President
By: _____	By: _____
Its: _____	Its: _____

CONSENT TO SUBLEASE AGREEMENT

The United States Department of Housing and Urban Development ("HUD") hereby approves that Sublease Agreement between SAN DIEGO KIND CORPORATION, a California nonprofit corporation, as sublessor, and COMMUNIITY RESEARCH FOUNDATION, a California nonprofit corporation, as sublessee dated September 28, 2012 .

U.S. Department of Housing and Urban Development

Dated: _____

By: _____
Its: _____

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego ("City"), as Lessor under that certain Lease Agreement ("Master Lease") entered into with SAN DIEGO KIND CORPORATION, a nonprofit California corporation ("Lessee") and filed in the Office of the City Clerk as Document RR250195, hereby consents to that certain Sublease Agreement between the above Lessee ("Sublessor") and COMMUNITY RESEARCH FOUNDATION, a California nonprofit corporation ("Sublessee") dated 9-28-12. Said Sublease shall be subordinate to the Master Lease in all respects. The City is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The City is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

THE CITY OF SAN DIEGO

Dated: _____

By: _____
Its: _____

EXHIBIT A

MASTER LEASE
(SEE ATTACHED)

ORIGINAL

LEASE AGREEMENT

THIS LEASE AGREEMENT is executed by and between THE CITY OF SAN DIEGO, a municipal corporation, hereinafter called "CITY," and SAN DIEGO KIND CORPORATION, a nonprofit California corporation, hereinafter called "LESSEE."

RECITALS

City Council authorized the City Manager to negotiate an exclusive lease agreement with San Diego Kind Corporation for the purpose of developing San Diego Square. The entire project would include 155 subsidized low cost housing units, a manager's unit, and a multi-service center with support facilities for San Diego's elderly to be financed under Section 202 of the Housing Act of 1959 supported by rental assistance payments under Section 8 of the Housing Act of 1937 and constructed on City-owned property located at 10th Avenue and "C" Street, encompassing approximately 60,000 square feet of land, and more properly described as follows:

> Lots A, B, C, D, E, F, G, H, I, J, K and L in Block 31 of Horton's Addition in the City of San Diego, County of San Diego, State of California, according to the Map thereof made by L. L. Lockling on file in the office of the County Recorder of said county.

2. LESSEE as consideration for this lease has offered the nominal rent of $1 per year to LESSOR, and as additional consideration has agreed to construct 156 housing units on the property and has agreed to make said 155 housing units available to low-income elderly persons during the entire

DOCUMENT NO. RR-250195

FILED SEP 14 1979

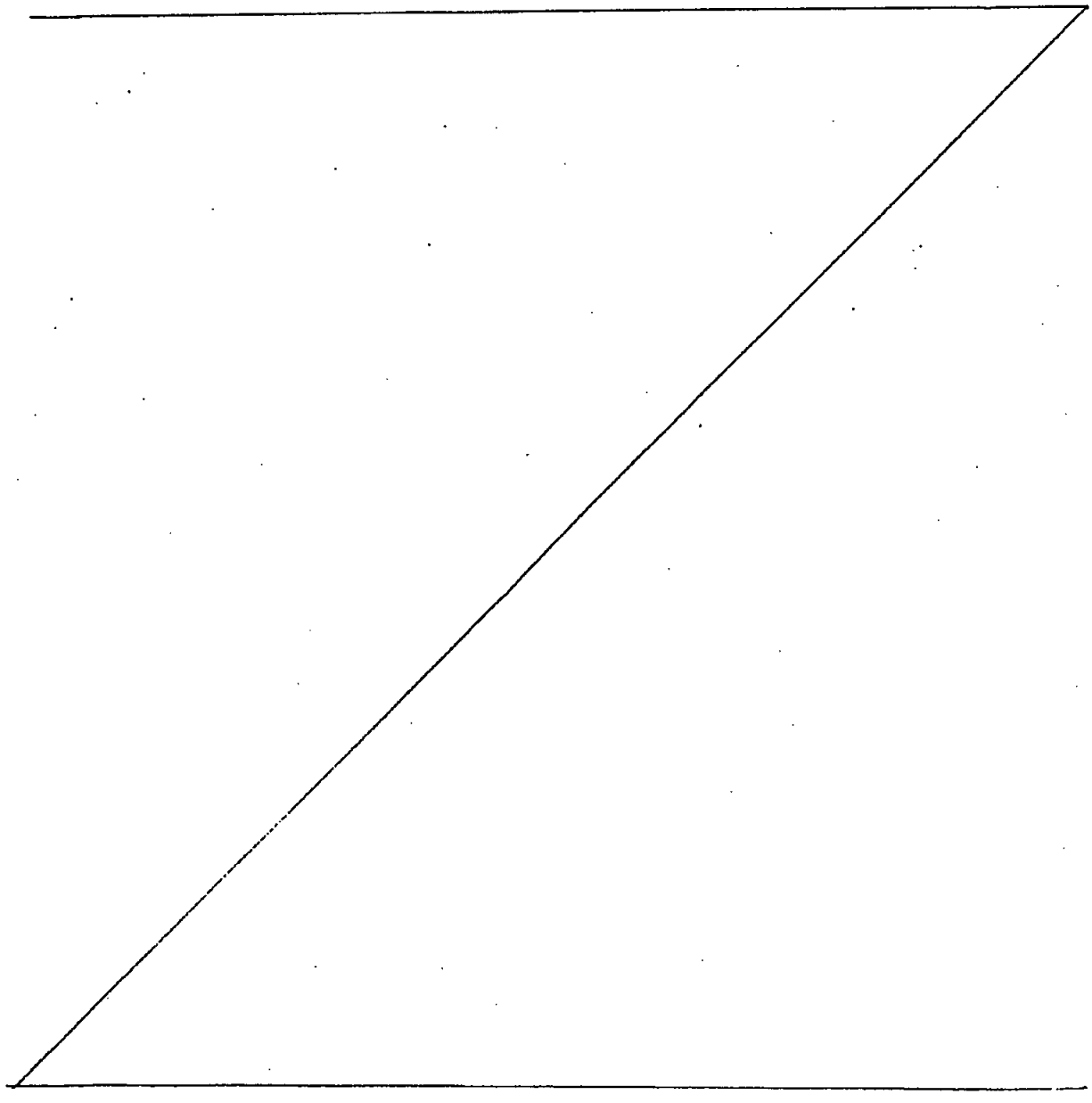
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

term of this lease, either pursuant to the HUD Section 8 Program, or pursuant to any other available local, state, or federal sponsored rent subsidy programs in effect during the term of this lease. LESSEE as further consideration, has agreed to provide to San Diego's elderly at minimal cost to them assistance and services, including but not limited to counseling, recreation, legal, medical and other services on said site. To the extent the City is empowered to do so, it shall not during this term impose any taxes or assessments on lessee's leasehold interest hereunder and at the inception of this lease, the lessee's premises shall be free and clear of all liens, encumbrances, taxes and assessments other than those shown in the title report.

3. LESSEE shall execute a Housing Assistance Payment Contract with HUD, which contract shall provide for rental subsidies for the units during a period of 20 years, and the execution of such contract is relied upon by CITY and is additional consideration to CITY for making the leased property available to LESSEE at a nominal rent rate.

4. The parties hereto specifically agree that the entire purpose and intent of this lease and the development on the leased property is to make housing available to low-income elderly persons during the entire term of this lease and that anything to the contrary herein notwithstanding, LESSEE and its successors and assigns shall take all reasonable and necessary actions to accomplish the said purpose and intent.

5. To the extent not in conflict with the requirements of funding assistance and rent subsidy obtained or to be obtained by Lessee from HUD or other agency, Lessee agrees to provide priority of occupancy in the developed housing to elderly people displaced by the redevelopment projects in the Centre City area.



HUD defines elderly - 62 yrs and older

social security
senior - 65 yrs - full benefits if born betw 1950-1960

67 yrs - if born in 1960 or later

AARP - 50+

NOW, THEREFORE, in consideration of the recitals and covenants herein, and other good and valuable consideration, it is mutually agreed as follows:

I. DEMISED PREMISES. CITY hereby leases to LESSEE and LESSEE leases from CITY all of that certain real property situated in the City of San Diego, County of San Diego, State of California, described as follows:

> Lots A, B, C, D, E, F, G, H, I, J, K and L in Block 31 of Horton's Addition in the City of San Diego, County of San Diego, State of California, according to the Map thereof made by L. L. Lockling on file in the office of the County Recorder of said county.

A. PERMITTED USE. Said premises are leased to LESSEE solely and exclusively for the purpose of providing low-income elderly rental housing pursuant to The U.S. Department of Housing (H.U.D.) program for housing for the elderly under Section 202 of The U.S. Housing Act of 1959 and Section 8 of The U.S. Housing Act of 1937, or other federal, state or local-assisted low-income rental housing program approved by CITY, and for the purpose of operating a multi-service center with support facilities for San Diego's elderly, and for no other use or purpose.

B. OBLIGATION TO DILIGENTLY USE. LESSEE covenants to use said premises for the above-specified purposes and to diligently pursue said purposes throughout the term hereof.

C. RELATED COUNCIL ACTIONS. By the granting of this lease, the City Council of The City of San Diego is not obligating itself with regard to any other discretionary action relating to development or operation of said premises. Such discretionary action includes, but is not limited to, rezonings, variances, environmental clearances or any other governmental agency approvals which are required, except as specified in the 207 Lease Addendum attached hereto as Exhibit A and thereby made a part hereof.

II. TERM OF AGREEMENT.

A. COMMENCEMENT AND TERMINATION. The term of this agreement shall be fifty (50) years commencing from the date the HUD Mortgage or deed of trust is executed. A copy of such executed mortgage or deed of trust shall be

delivered to the City Manager and filed with the City Clerk. In the event said mortgage or deed of trust is not executed within one hundred fifty (150) days following the execution hereof by the City Manager, this lease shall be of no further force or effect.

B. SURRENDER OF PREMISES. At the expiration or earlier termination of this lease, LESSEE shall execute, acknowledge and deliver to CITY, a valid and recordable quitclaim deed covering all of the leasehold premises and fixtures free and clear of all liens and encumbrances, subject however, to the provisions of the Section 207 addendum hereto.

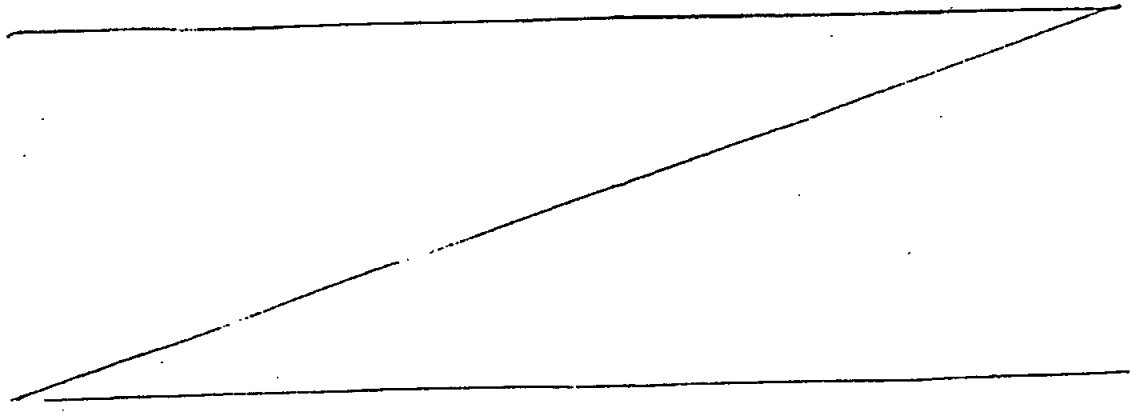
III. A. RENT. Rent for the full term of this lease shall be fifty (50) dollars receipt of which is hereby acknowledged by City.

B. ADDITIONAL CONSIDERATION. As additional consideration for this lease and in addition to the above specified rent, which is acknowledged to be less than the fair rental value of the property, during the term hereof, so long as LESSEE's leasehold interest, leasehold improvements or property used in connection therewith are subject to any encumbrance to secure a federal government loan, LESSEE shall enter into and be bound by a Housing Assistance Payments Contract with HUD and the housing units to be constructed on the premises pursuant to the HUD program for elderly housing under said Section 202 and Section 8 shall be operated strictly in accordance with the provisions of said Housing Assistance Payments Contract and applicable HUD or other federal rules, regulations and laws and shall be rented only to such persons at such rentals as may be required or allowed thereunder and all expenses and other matters pertaining to such operation, management or rental of the property shall be governed by the provisions of said Contract, the Regulatory Agreement between LESSEE and HUD and applicable federal rules and regulations and subject thereto HUD shall be the sole arbiter of all questions that may arise in connection therewith.

During the term hereof at any time that LESSEE is not bound by any such Housing Assistance Payments Contract it will seek to obtain from other available federal, state or local governmental sources similar rent assistance and be governed by the rules and regulations of any agency providing such rental assistance during the term of the lease.

Each year during the term hereof, so long as LESSEE is bound by any such rental assistance contract or the property is subject to any such encumbrance to secure a federal loan, LESSEE shall at the time required by HUD furnish the City Manager with a true copy of the budget, and income and expense statement and other information required by HUD and in the form required by HUD and during any such period HUD shall be the sole arbiter of the allowance or non-allowance of any expense item shown thereon and will determine the proper allocation of funds pursuant to the applicable federal regulations and the Regulatory Agreement between LESSEE and HUD and the City shall be bound thereby (or by the determination of any other agency furnishing rental assistance to tenants of the housing units hereunder).

At any time during the term hereof that LESSEE is not bound by a rental assistance payments contract with HUD or similar contract with another agency and the property is not subject to any encumbrance to secure federal financing, LESSEE will furnish the City Manager with a true statement of its income and expenses in performing its obligations under this lease ninety (90) days after the end of its fiscal year, prepared in accordance with good accounting practice and LESSEE's usual method of accounting, and the City Manager shall have sixty (60) days after receipt of such statement within which to object to any such item of expense and failure of the City Manager to object in writing to LESSEE within such sixty (60) day period shall constitute approval by the City. In the event of a timely objection by the City Manager to any item of expense shown on such statement, if the parties cannot resolve the matter, the dispute shall be referred to binding arbitration by the American Arbitration Association, in San Diego, California, and resolved in accordance with the rules of said Association. If any item of expense is disallowed in whole or in part by the arbitrator, the arbitrator shall also have jurisdiction to determine the disposition of the disputed item. The cost of any such arbitration shall be borne equally by LESSEE and CITY.



INSPECTION OF RECORDS. When CITY desires to inspect the records and accounts of LESSEE in order to determine LESSEE's compliance with the terms of this agreement, CITY shall have the right at all reasonable times to inspect any records pertinent to the subject under study. LESSEE agrees to cooperate in such inspection and to make the pertinent records available to CITY at LESSEE's place of business in the City of San Diego.

DEVELOPMENT AS ADDITIONAL CONSIDERATION. LESSEE agrees as additional consideration to develop the lease premises in accordance with the City-approved Development Plan described in Section IV, B5, Development of this agreement and also with all applicable HUD development requirements.

IV. COVENANTS AND CONDITIONS.

A. CITY COVENANTS.

1. Quiet Possession. LESSEE, paying the said rent and performing the covenants and agreements herein, shall and may at all times during the said term peaceably and quietly have, hold and enjoy the said premises for the term hereof. If CITY for any reason whatsoever cannot deliver possession of the said premises to LESSEE at the commencement of said term as hereinbefore specified, or if LESSEE is dispossessed through action of a title superior to CITY's, then and in either of such events, this lease shall not be void or voidable nor shall CITY be liable to LESSEE for any loss or damage resulting therefrom.

2. Right to Assign and Sublet. LESSEE's right to assign this lease or sublet hereunder shall be governed by the provisions of Paragraph (7) of the Regulatory Agreement between HUD and LESSEE with respect to the premises. Lessee shall comply with such provisions and such compliance shall constitute compliance with the provisions of this Paragraph 2. Subject to the foregoing, when in the opinion of the City Manager, and subject to the approval of the City Council whenever required, if it is deemed consistent with the best interests of the CITY, LESSEE may assign this lease or any interest therein and may sublease any portion thereof to an assignee or sublessee who has, in the opinion of the City Manager, the financial capability and overall competence to successfully operate the assigned or subleased premises premises. LESSE agrees to notify

the City Manager of intent to assign this lease or any interest therein and allow the City first right to acquire said interest. The acquisition cost to CITY shall be equal to the then balance owed for site improvements and CITY agrees, in the event of CITY acquisition, to assume any LESSEE obligations and rights under then existing contracts and agreements involved in LESSEE's operations on the leased premises which have had the prior approval of the City Manager, or were required by HUD.

The consent of the City Manager and/or City Council will not be unreasonably withheld. This lease and any interest herein shall not be assignable by operation of law without the written consent of the City Manager. Any or all of the following actions will be considered trafficking in the leasehold which is not a permitted activity under this contract and will be considered as contrary to the CITY's best interests:

a. Assignment or subleasing by LESSEE for a consideration in excess of a reasonable return on the actual value of the LESSEE's installed improvements and/or services rendered.

b. Subleasing of the primary function of the lease or subleasing or a major protion of the leasehold.

Approval of any assignment or sublease shall be conditioned upon Assignee or Sublessee agreeing in writing that they will assume the rights and obligations thereby assigned or subleased and that they will keep and perform all covenants, conditions and provisions of this agreement which are applicable to the rights acquired.

Notwithstanding any of the above provisions, LESSEE may sublease any specific housing unit to any sublessee holding a proper HUD Section 8 certificate without CITY or City Manager's specific approval.

3. Right to Encumber. CITY does hereby consent and agree that LESSEE may encumber this lease, its leasehold estate and any improvements now existing or hereafter placed thereon in accordance with applicable HUD regulations and federal laws, by deed of trust, or mortgage to assure the payment of a promissory note or notes of the LESSEE, only for

improvements on this site. CITY further agrees that in the event said deed of trust or mortgage or other security type instrument should at any time be in default and be foreclosed, the CITY will accept the mortgagee or beneficiary thereof, as its new tenant under this lease in accordance with HUD requirements pursuant to the Regulatory Agreement, the deed of trust and applicable federal laws and regulations, with all the rights, privileges and duties granted and imposed in this lease. In the event said mortgagee or beneficiary desires to assign this lease to a nominee meeting HUD requirements, CITY will give its consent thereto upon the proposed assignee's agreement to assume all the duties and obligations under this lease agreement.

CITY understands that LESSEE is required to encumber its leasehold interest and other property and to enter into a Regulatory Agreement and other agreements with HUD in connection with the development and operation of the property and CITY agrees that LESSEE shall comply with the provisions of any such encumbrance, Regulatory Agreement or other agreement and with all HUD regulations relating thereto, all of which shall be binding upon CITY with respect to the provisions of this lease and shall supersede any contrary provisions of the foregoing Paragraph IV A or other provisions of this lease.

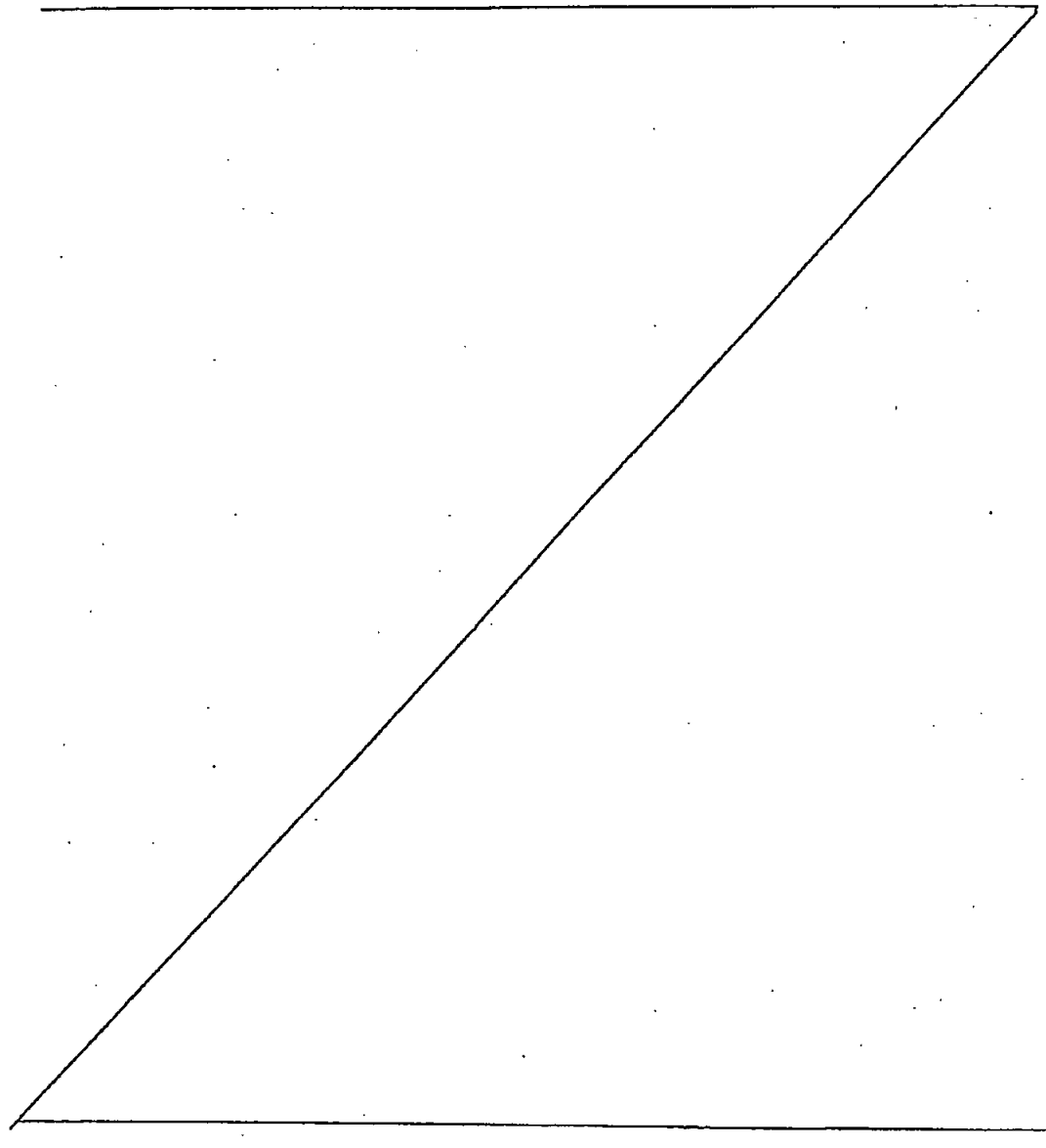
B. LESSEE COVENANTS.

1. Affirmative Action. LESSEE agrees to take affirmative action to improve employment opportunities of minorities and women. When applicable, LESSEE agrees to abide by the Affirmative Action Program for LESSEES as it now exists or is hereafter amended. A copy of the program, as amended from time to time, is on file in the Office of the City Clerk and by this reference incorporated herein.

2. Compliance with Law. LESSEE agrees, at its sole cost and expense, to comply and secure compliance with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the said premises, or the operations conducted thereon, and to faithfully observe and secure compliance with, in the use of the premises, all applicable county and municipal ordinances and state and federal statutes now in force, or which may hereafter be in force. The judgment of any court of

competent jurisdiction, or the admission of LESSEE in any action or proceeding against it, whether CITY be a party thereto or not, that LESSEE, has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between CITY and LESSEE.

3. Construction/Alterations. LESSEE agrees not to construct or install any buildings or structures on said premises or otherwise improve or alter said premises in any manner except in accordance with plans and specifications previously submitted



to the City Manager and approved by him in writing. LESSEE shall not make any major structural or architectural design alterations to approved buildings, structures or improvements installed on said premises except in accordance with plans and specifications previoulsy approved in writing by the City Manager. This provision shall not limit or set aside any obligation of LESSEE under this lease to maintain said premises in a decent, safe, healthy and sanitary condition, including structural repair and restoration of damaged or worn improvements.

4. Construction Bond. LESSEE agrees to file with CITY, prior to commencement of any construction performed upon the premises a faithful performance bond in the amount of 100% of the construction costs of the work to be performed. Said bond may be in cash or may be a corporate surety bond satisfactory to CITY or in a combination of both. Said bond shall insure that the construction commenced by LESSEE shall be completed in accordance with approved plans, or at option of the CITY, that the uncompleted constructon be removed and the premises restored to a condition satisfactory to CITY. The surety bond will be filed with CITY and any cash used as a part of the bond may be deposited with CITY to be held in trust for the purpose specified above or may be placed in an escrow or other trust approved by CITY. Upon application by LESSEE, CITY may waive this requirement to file a bond. Compliance by LESSEE with HUD completion bonding requirements shall be deemed to satisfy the requirements of this Paragraph 4.

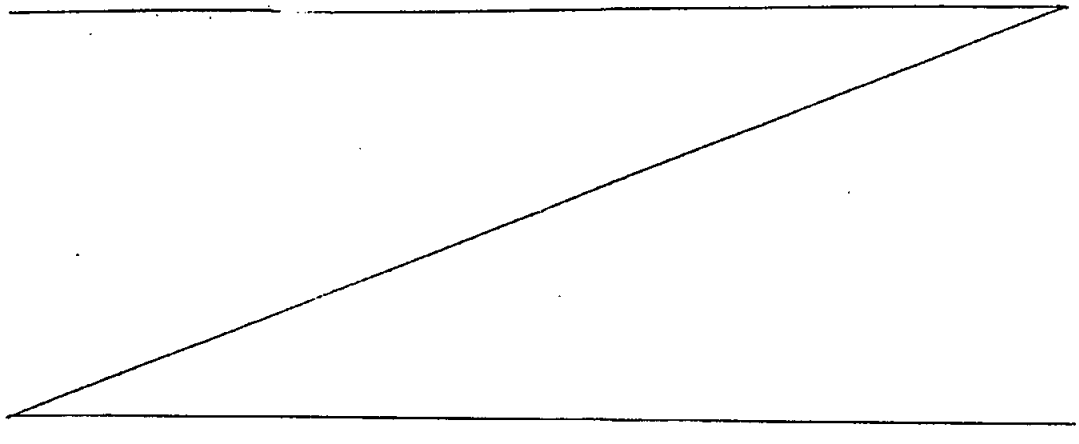
5. Development. LESSEE agrees to develop the leased premises in accordance with the General Development Plan approved by the City Manager and filed in the Office of the City Clerk as Document No. R.R. - 250080 and the Building Loan Agreement entered into between LESSEE and HUD and the plans and specifications therein referred to, the provisions of which shall supersede any conflicting provisions of said General Development Plan or of this lease. All changes shall be made strictly in accordance with the provisions of said Building Loan Agreement and HUD regulations and LESSEE agrees to furnish the City Manager with copies of any changes approved by HUD.

6. Indemnity. LESSEE agrees that CITY, its agents, officers and employees, shall not be liable for any claims, alleged liabilities, penalties, fines or for any damage to the goods, properties or effects of LESSEE, its sublessees or representatives, agents, employees, guests, licensees, invitees, patrons or clientele or of any other person whomsoever, nor for personal injuries to, or deaths of any persons, whether alleged to have been caused by or resulting from any acts or omission of LESSEE or its sublessees in or about the leased premises. LESSEE agrees to indemnify and save free and harmless CITY and its authorized agents, officers, and employees against any of the foregoing alleged liabilities and any costs and expenses incurred by CITY on account of any claim or claims therefor.

7. Insurance Coverage. During the entire term of this lease, LESSEE agrees to procure and maintain public liability insurance which names CITY as an additional insured with an insurance company satisfactory to CITY licensed to do business in California to protect against loss from liability imposed by law for damages on account of bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever, resulting directly or indirectly from any act or activities of CITY or LESSEE, its sublessees or any person acting for CITY or LESSEE or under its control or direction, and also to protect against loss from liability imposed by law for damages to any property or any person caused directly or indirectly by or from acts or activities of CITY, or LESSEE, or its sublessees, or any person acting for CITY or LESSEE, or under its control or direction. Such PD and PL insurance shall also provide for and protect CITY against incurring any legal cost in defending claims for alleged loss. Such public liability and property damage insurance shall be maintained in full force and effect during the entire term of this lease in the amount of not less than one million dollars ($1,000,000) COMBINED SINGLE LIMIT LIABILITY. LESSEE agrees to submit a policy of said insurance to the CITY on or before the effective date of this agreement indicating full coverage of the contractual liability imposed by this agreement and stipulating that the insurance company shall not terminate, cancel or limit said policy in any manner without at least thirty (30) days prior written notice thereof to CITY. If the operation under this agreement results in an increased or decreased risk in the opinion of the City Manager,

then LESSEE agrees that the minimum limits hereinabove designated shall be changed accordingly upon request by the City Manager. LESSEE agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which the LESSEE may be responsible for the payment of damages to persons or property resulting from LESSEE's activities, the activities of its sublessees or the activities of any person or persons for which LESSEE is otherwise responsible.

LESSEE also agrees to procure and maintain during the entire term of this lease, a policy of fire, extended coverage and vandalism insurance on all permanent property of an insurable nature located upon the leased premises. Said policy shall name the CITY as an additional insured and shall be written by an insurance company satisfactory to CITY licensed to transact business in the State of California and shall be in an amount sufficient to cover at least 90% of the replacement costs of said property. LESSEE agrees to submit a certificate of said policy to the CITY on or before the effective date of this lease. Said policy shall contain a condition that it is not to be terminated or cancelled without at least thirty (30) days piror written notice to CITY by the insurance company. LESSEE agrees to pay the premium for such insurance and shall require that any insurance proceeds resulting from a loss under said policy are payable jointly to CITY and LESSEE and said proceeds shall constitute a trust fund to be reinvested in rebuilding or repairing the damaged property or said proceeds may be



disposed of as specified in Section IV, 16, Waste, Damage or Destruction, hereof; provided, however that within the period during which there is in existence a mortgage or deed of trust upon the leasehold, then and for that period all policies of fire insurance, extended coverage and vandalism shall be made payable jointly to the mortgagee or beneficiary, the name insured, and CITY, and shall be disposed of jointly by the parties for the following purposes:

a. As a trust fund to be retained by said mortgagee or beneficiary and applied in reduction of the debt secured by such mortgage or deed of trust with the excess remaining after full payment of said debt to be paid over to LESSEE and CITY to pay for reconstruction, repair, or replacement of the damaged or destroyed improvements in progress payments as the work is performed. The balance of said proceeds shall be paid into the reserve for replacements account as required by HUD.

   Provided, further however, nothing herein shall prevent LESSEE, at its option and with the approval of said mortgagee or beneficiary, from filing a faithful performance bond in favor of said mortgagee or beneficiary and CITY in an amount equivalent to said insurance proceeds in lieu of surrendering said insurance proceeds to said mortgagee or beneficiary; and CITY.

b. In the event that this lease is terminated by mutual agreement and said improvements are not reconstructed, repaired or replaced, the insurance proceeds shall be jointly retained by CITY and said mortgagee or beneficiary to the extent necessary to first discharge the debt secured by said mortgage or deed of trust and then to restore the premises in a neat and clean condition. Said mortgagee or beneficiary shall hold the balance of said proceeds for CITY and LESSEE as their interests may appear.

LESSEE agrees to increase the limits of liability when, in

the opinion of CITY, the value of the improvements covered is increased, subject to the availability of such insurance at the increased limits. LESSEE agrees, at his sole expense, to comply and secure compliance with all insurance requirements necessary for the maintenance of reasonable fire and public liability insurance covering said premises, buildings and appurtenances.

CITY agrees that compliance by LESSEE with the insurance provisions of the Section 207 Lease Addendum attached hereto and with any other HUD insurance requirements shall constitute compliance with all of the provisions of this Paragraph IV B 7 and that all such insurance and the proceeds thereof shall be used and governed by HUD requirements and regulations.

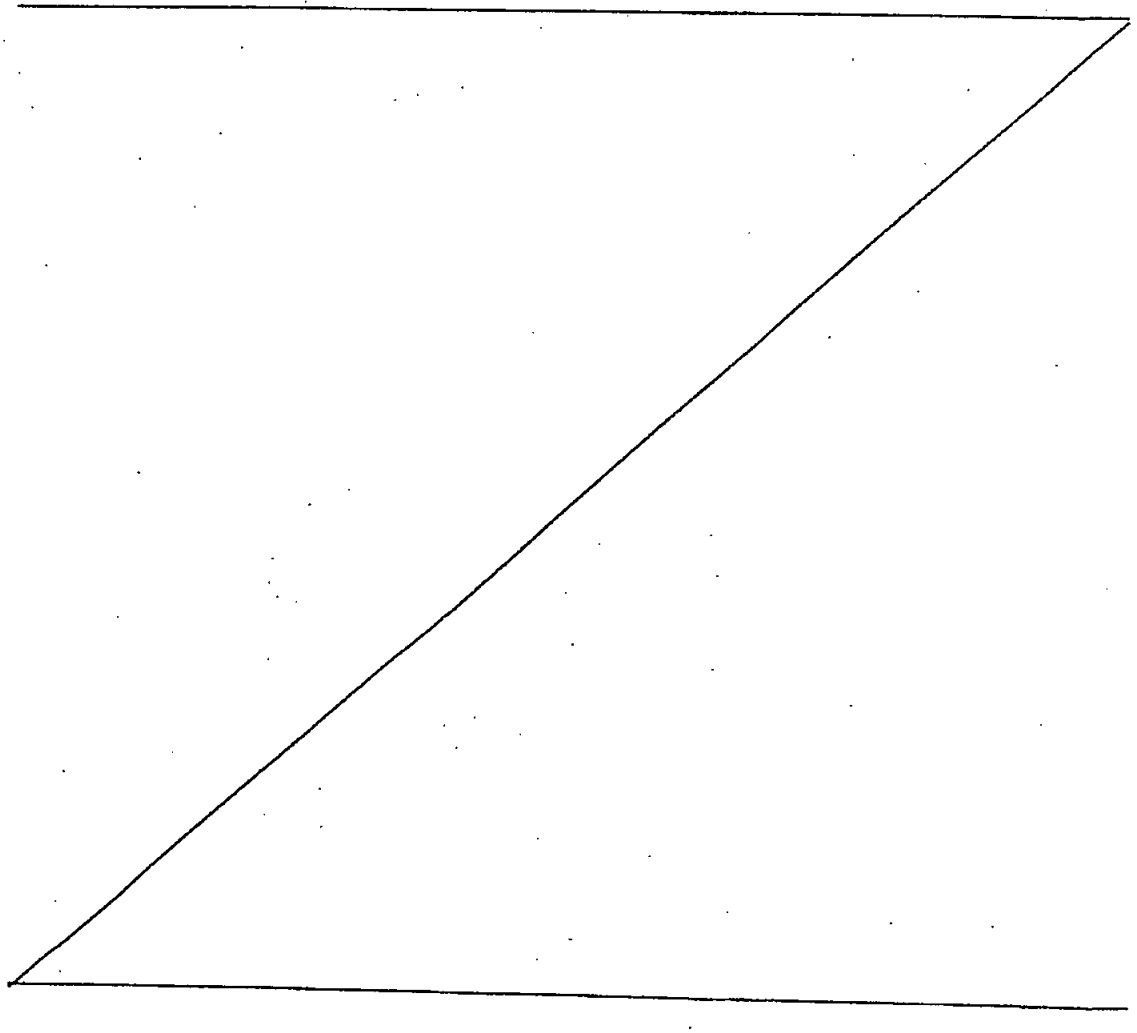
8. Labor and Materialmen's Bond. LESSEE agrees to save CITY free and harmless, indemnify it against all claims for labor and materials in connection with improvements, repairs or alterations to the premises, and the cost of defending against such claims, including reasonable attorney's fees.

In the event that improvements, repairs or alterations are constructed on the leased premises by other than the CITY, and a lien is filed, LESSEE agrees to file with CITY within five days a bond sufficient to pay in full all claims of all persons seeking relief under the lien. The bond shall be acknowledged by LESSEE as principal and by a corporation satisfactory to CITY licensed by the Insurance Commissioner of the State of California to transact the business of a fidelity and surety insurance company as surety.

LESSEE's compliance with the release of lien requirements of Paragraph 10 of the Regulatory Agreement shall constitute compliance with the requirements of this paragraph.

9. Legal Proceedings. LESSEE and CITY agree that should it become necessary for CITY or LESSEE to commence legal proceedings to collect rent, recover possession, or enforce any other provision of this lease, the prevailing party will be entitled to legal costs in connection therewith, including reasonable attorney's fees as determined by the court. The parties agree that the law of the State of California shall be used in interpreting this lease agreement and will govern all disputes under this lease agreement and will determine all rights and obligations hereunder. California shall be sufficient to give personal jurisdiction to any court in which an action is filed for litigation of rights under this lease agreement.

10. Maintenance. LESSEE agrees to assume full responsibility for the operation and maintenance of said premises throughout the term hereof without expense to CITY unless otherwise specified herein, and to perform all repairs and replacements necessary to maintain and preserve said premises in a decent, safe, healthy and sanitary condition in a manner satisfactory to CITY and in compliance with all applicable alws. LESSEE agrees that CITY shall not be required to perform any maintenance, repairs or services or to assume any expense not specifically assumed herein in connection with said premises and LESSEE hereby waives all rights to make repairs or to cause any work to be performed at the expense of CITY as provided for in Sections 1941 and 1942 of the California Civil Code.



11. Nondiscrimination. LESSEE agrees not to discriminate in any manner against any person or persons on account of race, marital status, sex, religious creed, color, ancestry, national origin, physical handicap or medical condition in LESSEE'S use of the premises, including, but not limited to, the providing of goods, services, facilities, privileges, advantages and accommodations, and the obtaining and holding of employment.

12. Utility Costs. LESSEE agrees to order, obtain and pay for all utilities and service and installation charges in connection therewith. All utilities installed by LESSEE shall be installed underground, if practical.

13. Waste, Damage or Destruction. LESSEE agrees to give notice to the CITY of any fire or other damage that may occur on the leased premises within ten days of such fire or damage. LESSEE agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash and rubbish in a manner satisfactory to the CITY. If the leased premises shall be damaged by any cause which puts the premises into a condition which is not decent, safe, healthy and sanitary, LESSEE agrees to make or cause to be made full repair of said damage and to restore the premises to the condition which existed prior to said damage, or LESSEE agrees to clear and remove from the leased premises all debris resulting from said damage and rebuild the premises in accordance with plans and specifications previously submitted to the CITY and approved in writing in order to replace in kind and scope the operation which existed prior to such damage.

LESSEE agrees that preliminary steps toward performing repairs, restoration or replacement of the premises shall be commenced by LESSEE within thirty days and the required repairs, restoration or replacement shall be completed within a reasonable time thereafter. CITY may determine an equitable deduction in the minimum annual rent requirement for such period or periods that said premises are untenantable by reason of such damage.

C. RESTRICTIVE CONDITIONS

1. Administration and Notices. Control and administration of this lease is under the jurisdiction of the City Manager of CITY as to CITY'S interest herein and any communication relative to the terms or conditions or any changes thereto or any notice or notices provided for by this lease or by

law to be given or served upon CITY may be given or served by registered letter deposited in the United States mails, postage prepaid, and addressed to the City Manager, Attention Property Director, City Administration Building, 202 "C" Street, San Diego, California 92101. Any notice or notices provided for by this lease or by law to be given or served upon LESSEE, Mortgagee, Trustee or Beneficiary may be given or served by depositing in the United States mails, postage prepaid, a letter addressed to said LESSEE at the leased premises or at such other address designated in writing by LESSEE, Mortgagee, Trustee or Beneficiary or may be personally served upon them or any person hereafter authorized by them to receive such notice. Any notice or notices given or served as provided herein shall be effectual and binding for all purposes upon the principals of the parties so served upon personal service or forty-eight hours after mailing in the manner required herein.

Notwithstanding the provisions of this Paragraph IV C 1 the LESSEE shall comply with the provisions of Paragraph 9 of the Section 207 Lease Addendum attached hereto which shall supersede any contrary provisions of this paragraph.

2. City Approval and Consent. The approval or consent of the CITY, wherever required in this agreement, shall mean the approval or consent of the City Manager unless otherwise specified, without need for further resolution by the City Council.

3. Eminent Domain. In the event the leased premises or any part thereof shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, then the interests of CITY and LESSEE (or Beneficiary or Mortgagee if there is a Trust Deed or Mortgagee then in effect), in the award and the effect of the taking upon this lease agreement shall be as follows:

   a. In the event of such taking of only a part of the leased premises, leaving the remainder of said premises in such location and in such form, shape and size as to be used effectively and practicably in the opinion of CITY for the conduct thereon of the operations permitted hereunder, this lease shall terminate and end as to the portion of the leased premises so taken as of the date title to such portion vests in the condemning authority, but shall continue in full

force and effect as to the portion of the leased premises not so taken and from and after such date the contract rent, or in the event there is a minimum rent specified herein, then the minimum rental required by this lease to be paid by LESSEE to CITY shall be reduced in the proportion to which the value of the leased premises so taken bears to the total value of the demised premises; provided, however, CITY shall have the right, with the consent of LESSEE, to substitute like adjacent property and maintain the rent schedule without diminution.

b. In the event of the taking of only a part of the leased premises, leaving the remainder of said premises in such location, or in such form, shape or reduced size as to render the same not effectively and practicably usable, in the opinion of CITY, for the conduct thereon of the operations permitted hereunder, this lease and all right, title and interest thereunder shall cease on the date title to said premises or the portion thereof so taken vests in the condemning authority.

c. In the event the entire leased premises are so taken, this lease and all of the right, title and interest thereunder shall cease on the date title to said premises so taken vests in the condemning authority.

d. In the event of any taking under Subparagraphs a, b, or c, hereinabove, the only portion of any award of compensation which shall be paid to LESSEE shall be the fair market value of LESSEE's interest in the improvements placed upon that portion of the leased premises which are taken by the condemning agency. It is the intention of this provision that LESSEE shall not in any condemnation receive any bonus or penalty by reason of LESSEE'S contractual rights in connection with the property condemned.

e. Notwithstanding the foregoing provisions of this section, CITY may, in its discretion and without affecting the validity and existence of this lease, transfer the CITY'S interests in said premises in lieu of condemnation to any authority entitled to exercise the power of eminent domain. In the event of such transfer by CITY, LESSEE shall retain whatever rights it may have to recover from the said authority the fair market

value of LESSEE's interest in the improvements taken by the authority and which LESSEE has placed upon the leased premises in accordance with the provisions of this lease.

The provisions of Section 5 of the Section 207 lease addendum attached hereto shall supersede any conflicting provisions of the foregoing Paragraph 4 C 3 specifically including, but not limited to the provisions of Section IV C 3 a, relating to CITY's right to substitute like adjacent property in the event of condemnation of any portion of the leased premises and such substitution shall be subject to HUD approval in writing.

4. Entry and Inspection. CITY reserves and shall always have the right to enter said premises for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the premises or to inspect the operations conducted thereon. In the event that such entry or inspection by CITY discloses that said premises are not in a decent, safe, healthy and sanitary condition, CITY shall have the right, after ten days written notice to LESSEE, to have any necessary maintenance work done for and at the expense of LESSEE and LESSEE hereby agrees to pay promptly any and all costs incurred by CITY in having such necessary maintenance work done in order to keep said premises in a decent, safe, healthy and sanitary condition. Further, if at any time the CITY determines that said premises are not in a decent, safe, healthy and sanitary condition, CITY may at its sole option, without additional notice, require LESSEE to file with CITY a faithful performance bond to assure prompt correction of any condition which is not decent, safe, healthy and sanitary. Said bond shall be in an amount adequate in the opinion of the CITY to correct the said unsatisfactory condition. LESSEE shall pay the cost of said bond. The rights reserved in this section shall not create any obligations on CITY or increase obligations elsewhere in this lease imposed on CITY.

LESSEE shall comply with the provisions of Paragraph 8 of the Regulatory Agreement between LESSEE and HUD, and such compliance shall constitute compliance by LESSEE with the provision of this Paragraph IV C 4 and shall supersede the provisions of this paragraph while said Regulatory Agreement is in force.

5. Holding Over. The occupancy of the demised premises after the expiration of the term of this agreement shall be construed to be a tenancy from month to month, and all other terms and conditions of this agreement shall continue in full force and effect.

6. Merger. The voluntary or other surrender of this lease by LESSEE, or a mutual cancellation thereof, shall not work a merger and shall, at the option of CITY, terminate all or any existing subleases or subtenancies or may, at the option of CITY, operate as an assignment to it of any or all such subleases or subtenancies.

7. Oral Representation. It is specifically understood and agreed hereby that this lease contains the complete expression of the whole agreement between the parties hereto, and that there are no promises, representations, agreements, warranties or inducements, either expressed orally or implied by the said parties, except as are fully set forth herein; and further, that this lease cannot be enlarged, modified or changed in any respect except by written agreement duly executed by and between the said parties.

8. Ownership of Improvements. All improvements, except such fixtures as are hereinafter described on the attached addendum, which have been installed by LESSEE in accordance with the provisions of this agreement, shall at the option of CITY become the property of CITY upon expiration or sooner termination of this agreement. LESSEE shall have the right to remove from the demised premises only those fixtures described on the attached addendum at any time prior to the expiration or earlier termination of the agreement, provided that such removal would not, in the opinion of CITY, restrict the operation of the demised premises to the extent that the rent paid to CITY is reduced as a direct result therefrom. LESSEE'S removal of any said fixtures shall be at LESSEE'S own expense and shall be conditioned upon LESSEE'S repairing any damage to the remaining improvements and upon LESSEE leaving the demised premises in good order and condition. In the event LESSEE does not so remove said fixtures prior to the expiration of this agreement, CITY may remove, sell or destroy the same at

the expense of LESSEE, and if the proceeds of the sale are not adequate, LESSEE shall promptly pay to CITY its reasonable cost of any such removal, sale or destruction together with the reasonable cost of repair of damages to CITY's property resulting from such removal, sale or destruction. At the option of CITY, any such fixtures not removed by LESSEE may be deemed abandoned and may be removed and sold by CITY and all income received by CITY therefrom shall be the property of CITY exclusively. Said addendum may be changed from time to time upon approval of the City Manager, without further resolution by the City Council.

CITY understands and agrees that in connection with financing the construction and operation of the property LESSEE shall have the right to encumber its leasehold interest and all improvements, fixtures, equipment and personal property constructed thereon or used in connection therewith, acquired with the proceeds of loans made by HUD and that the provisions of any deed of trust, mortgage, chattel mortgage, security agreement or other encumbrance in favor of HUD, and the regulations of HUD in connection therewith, shall supersede all of the provisions of this Paragraph IV C 8.

9. Remedies of City.

a. Default by Lessee. In the event that:

(1) LESSEE shall default in the performance or fulfillment of any covenant or condition herein required to be performed or fulfilled by LESSEE and shall fail to cure said default within thirty (30) days following the service on LESSEE of a written notice from CITY specifying the default complained of; or

(2) LESSEE shall voluntarily file or have involuntarily filed against him any petition under any bankruptcy or insolvency act or law; or

(3) LESSEE shall be adjudicated a bankrupt; or

(4) LESSEE shall make a general assignment for the benefit of creditors;

then CITY may, at its option, without further notice or demand upon LESSEE or upon any person claiming through

LESSEE, immediately terminate this lease and all rights of LESSEE and of all persons claiming rights through LESSEE in or to the said premises and expel LESSEE and all persons so claiming rights thereto. Provided, however, in the event that any default described in Part a, (1) of this section is not curable within thirty (30) days after the service of a written notice upon LESSEE, CITY shall not terminate this lease pursuant to said default if LESSEE immediately commences to cure said default and diligently pursues such cure to completion.

Provided, further, in the event that there is a deed of trust or mortgage on the leasehold interest, CITY shall not terminate this lease until it first shall have served upon the mortgagee or beneficiary written notice of the default or defaults complained of, and the mortgagee or beneficiary shall have thirty (30) days from service of such notice within which to commence such cure as may be necessary and this lease shall not terminate if said mortgagee or beneficiary shall prosecute said cure with reasonable diligence thereafter, and said thirty-day period shall be extended during the time required for said mortgagee or beneficiary to perfect, through litigation or through foreclosure, its rights to cure.

b. City Recourse. If the mortgagee or beneficiary shall be required to perfect its right to cure said default or defaults through litigation or through foreclosure, then CITY shall have the option of the following courses of action in order that such default or defaults may be expeditiously corrected:

(1) CITY may correct or cause to be corrected said default or defaults and charge the costs therefor (including costs incurred by CITY in enforcing this provision) to the account of the LESSEE, which charge shall be due and payable on the date that the rent is next due after presentation by CITY of a statement of all or part of said costs.

(2) CITY may correct or cause to be corrected said default or defaults and may pay the costs thereof (including costs incurred by CITY in enforcing this provision) from the proceeds of any insurance fund held by CITY and LESSEE or by CITY and mortgagee or beneficiary or CITY may use said funds of any faithful performance or cash bond on deposit with CITY, or CITY may call on the bonding agent

to correct said default or defaults or to pay the costs of such correction performed by or at the direction of CITY.

(3) CITY may terminate this lease as to the rights of LESSEE herein by assuming liability for any trust deed or mortgage. LESSEE will assume and agrees to pay any and all penalties or bonuses required by the beneficiaries, trustees or mortgagees as a condition for early payoff of the related notes by CITY. CITY may, as an alternative, substitute for said terminated LESSEE a new LESSEE reasonably satisfactory to the mortgagee or beneficiary.

Should said default or defaults be noncurable by LESSEE, then any lender holding a beneficial interest in said leasehold whose qualifications have been approved by CITY for assignment of the leasehold interest shall have the absolute right to substitute itself to the estate of the LESSEE hereunder and to commence performance of this lease and this lease shall not terminate if such mortgagee or beneficiary shall give notice in writing of its election to so substitute itself and commence performance within said thirty-day period after service upon it of said written notice by CITY of the default. In the event of the election by the mortgagee or beneficiary to so substitute itself to LESSEE'S estate hereunder, the CITY expressly consents to said substitution and authorizes said mortgagee or beneficiary to perform under this lease with all the rights, privileges and obligations of the original LESSEE hereunder, subject to cure of the default if possible by mortgagee or beneficiary, and LESSEE expressly agrees to assign all its interest in and to its leasehold estate in that event.

c. Abandonment by Lessee. Even though LESSEE has breached the lease and abandoned the property, this lease shall continue in effect for so long as CITY does not terminate LESSEE'S right to possession, and CITY may enforce all its rights and remedies under said lease, including, but not limited to, the right to recover the rent as it becomes due under the lease. For purposes of this section, the following do not constitute a termination of LESSEE'S right to possession:

(1) Acts by CITY of maintenance, or preservation, or efforts to relet the property.

(2) The appointment of a receiver upon initiative of CITY to protect the CITY'S interest under the lease.

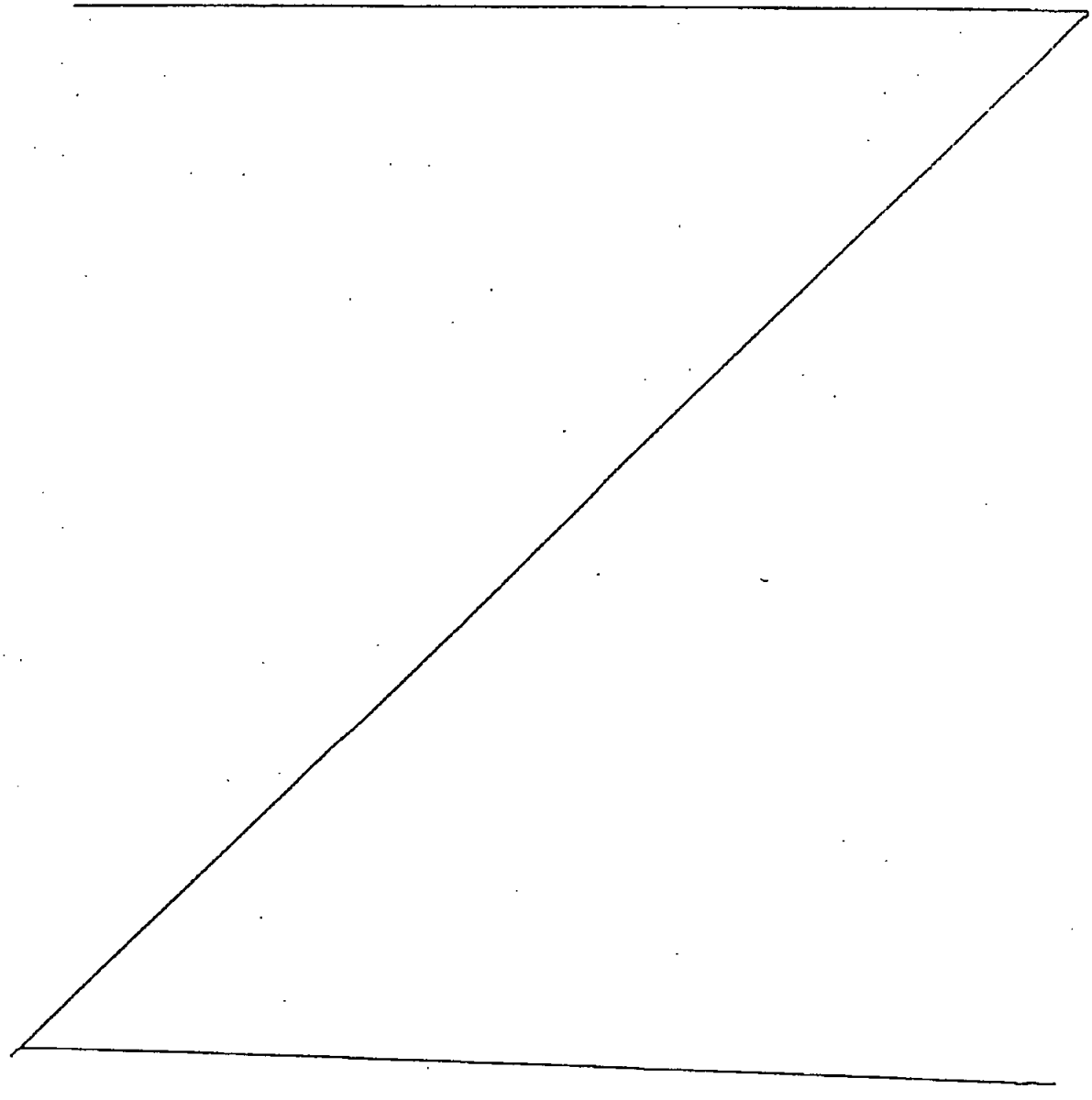
d. Damages. Damages which CITY may recover in the event of default under this lease include the worth, at the time of award, of the amount by which the unpaid rent for the balance of the term after the date of award, or for any shorter period of time specified in this lease, exceeds the amount of such rental loss for the same period that the LESSEE proves could be reasonably avoided. The remedies provided by this section are not exclusive and shall be cumulative to all other rights and remedies possessed by CITY, and nothing contained herein shall be construed so as to defeat any other rights or remedies to which CITY may be entitled.

The foregoing provisions of Paragraph IV C 9. are hereby specifically made subject to the provisions of Paragraph 8 of the Section 207 lease addendum attached hereto and to the provisions of the deed of trust, chattel mortgage, security agreement or other encumbrance executed by LESSEE in favor of HUD and the provisions of the Regulatory Agreement between LESSEE and HUD all of which shall supersede any contrary provisions of this paragraph.

10. Preservation of City Rights. CITY hereby reserves all rights, title and interest in any and all gas, oil, minerals and water beneath said leased premises. CITY shall have the right to enter said leased premises for the purpose of making repairs to or developing municipal services. CITY hereby reserves the right to grant and use such easements or establish and use such rights of way over, under, along and across said leased premises for utilities, thoroughfares, or access as it may deem advisable for the public good. Provided, however, CITY shall not unreasonably interfere with LESSEE's use of the premises and will reimburse LESSEE for physical damages, if any, to the permanent improvements of LESSEE located on the leased premises resulting from CITY's exercising the rights retained in this paragraph. CITY shall pay the costs of maintenance and repair of all CITY installations made pursuant to the rights reserved herein.

The CITY's rights under the foregoing Paragraph IV C 10 shall be subject to the provisions of the deed of trust in favor of HUD the Regulatory Agreement between LESSEE and HUD and HUD's interests thereunder and CITY will make no improvements and will take no action under this paragraph without prior written approval of HUD.

11. Time is of the Essence. Time is of the essence of each and all of the terms and provisions of this lease and this lease shall inure to the benefit of and be binding upon the parties hereto and any successor of LESSEE as fully and to the same extent as though specifically mentioned in each instance, and all covenants, stipulations and agreements in this lease shall extend to and bind any assigns or sublessees of LESSEE.



12. Waiver. The waiver by CITY of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by CITY shall not be deemed to be a waiver of any preceding breach by LESSEE of any term, covenant or condition of this lease, regardless of CITY's knowledge of such preceding breach at the time of acceptance of such rent. Failure on the part of CITY to require or exact conditions or agreements of this lease shall not be construed as in any manner changing the terms hereof and shall not prevent CITY from enforcing any provision hereof.

13. The 207 Lease Addendum (Exhibit A), the Regulatory Agreement Housing for the Elderly Nonprofit, the Housing Assistance Payments Contracts and all other contracts and agreements entered into or required to be entered into by Lessee with the Secretary of Housing and Urban Development (HUD) or the United States Government or other Federal agency in connection with financing the development of the leased premises and obtaining housing assistance payments under Section 202 of the Housing Act of 1959, Section 8 of the U.S. Housing Act of 1937 or other federal laws and the regulations issued thereunder from time to time, if inconsistent with or in conflict with any provision of this lease, shall supersede such lease provision and shall in all respects control and govern Lessee's rights and obligations hereunder.

14. The provisions of Paragraph A of Article II are amended to provide that in the event Lessee has not commenced development of the subject property as contemplated by this Lease on or before October 31, 1980, the Lease shall be of no further force or effect, provided, however, Lessee shall have the option to purchase the leased property at its fair market value as determined by Lessor at any time prior to October 31, 1980, upon giving Lessor written notice of its intent to exercise this option at least three (3) months prior to that date. The purchase price shall be paid in cash through escrow, which shall close no more than sixty (60) days after October 31, 1980, and on opening of escrow Lessee shall deposit therein an amount not less than ten percent (10%) of the purchase price or the estimated purchase price at that date.

If Lessee is unable to commence development of low-cost senior housing on the leased property on or before October 31, 1980, if the foregoing option is not exercised, Lessor will attempt to develop senior housing itself or through other sponsors or developers which will include a senior center facility to be operated by San Diego Kind Corporation and located on the leased premises on terms and conditions satisfactory to Lessor. Should Lessor fail to develop the property as contemplated by this Lease

and desire to sell the property, Lessee shall have the right of first refusal to purchase the property until October 31, 1983. In any event, the existing Lease between Lessor and Lessee covering Lots J, K and L of the leased premises, pursuant to which Lessee presently operates a senior center, will be renewed or extended to October 31, 1988, subject, however, to the foregoing provision of this lease relating to development of the property by Lessee or Lessor.

Furthermore, Lessee in consideration for this Agreement and Civitas Fund hereby agree to, in any event, continue the senior citizen center operation for a minimum of ten (10) years from the date of this lease and will undertake to provide all funds necessary for its operation up to a maximum of one million dollars ($1,000,000).

IN WITNESS WHEREOF, this lease agreement is executed by CITY, acting by and through the City Manager, and by LESSEE, acting by and through its lawfully authorized officers.

THE CITY OF ~~SAN DIEGO~~

Date 9/14/79

By _____
City Manager

LESSEE

SAN DIEGO KIND CORPORATION

Date 9/7/79

By _____
President

CIVITAS FUND

Date 9/7/79

By _____
President

APPROVED as to form and legality this 14 day of Sept, 1979.

JOHN W. WITT, City Attorney

By _____
Hal Valderhaug, Deputy

R- 250195

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

On the 14th day of September, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared Ray T. Blair, Jr., known to me to be the City Manager of the City of San Diego, the municipal corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.



Rita Andrews
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On the 7th day of September, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared MAVOURNEEN O'CONNOR, known to me to be the President of SAN DIEGO KIND CORPORATION, the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

OFFICIAL SEAL
YVONNE S. DEAN
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires September 19, 1979

Yvonne S. Dean
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On the 7th day of September, 1979, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT B. BALLANTYNE, known to me to be the President of CIVITAS FUND, the corporation that executed the within instrument, known to me to be the person who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its Bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

OFFICIAL SEAL
YVONNE S. DEAN
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires September 19, 1979

Yvonne S. Dean
Notary Public

THIS ADDENDUM IS ATTACHED TO AND MADE A PART OF THAT CERTAIN LEASE BY AND BETWEEN THE CITY OF SAN DIEGO, A MUNICIPAL CORPORATION, AND SAN DIEGO KIND CORPORATION, LESSEE, DATED September 14, 1979.

SECTION IV PARAGRAPH C____, OWNERSHIP OF IMPROVEMENTS (continued)

The Lessee, in accordance with this section hereof, has the right to remove from the demised premises only those fixtures as described below: (if none, write none)

NONE

City Manager's Initials

LESSEE'S Initials

207 LEASE ADDENDUM

Notwithstanding any other provision of this lease, if and so long as this leasehold is subject to a mortgage or deed of trust held by the Federal Housing Commissioner or given to the Commissioner in connection with a resale, or the demised premises are acquired and held by him because of a default under said mortgage or deed of trust:

1. The tenant is authorized to obtain a loan from the Federal Housing Commissioner and secured by a mortgage on this leasehold estate. Tenant is further authorized to execute a mortgage on this leasehold and otherwise to comply with the requirements of the Federal Housing Commissioner for obtaining such a mortgage loan.

2. The Federal Housing Commissioner, of his successors in office, shall have the option, in the event that he or his successor in office, shall acquire title to the leasehold interest, to purchase good and marketable fee title to the demised premises, free of all liens and encumbrances except such as may be waived or accepted by him or his successor in office, within twelve (12) months after fo acquiring the leasehold interest, for the sum of $1,200,000 payable in cash, or by Treasury check, provided all rents are paid to date of transfer of title, upon first giving sixty (60) days' written notice to the Landlord or other person or corporation who may then be the owner of the fee, and the owner of the fee shall thereupon execute and deliver to the Federal Housing Commissioner, or his successor in office, a deed of conveyance to the said demised premises, containing a covenant against the grantor's acts, but excepting therefrom such acts of the Tenant and those claiming by, through or under the Tenant of the leasehold interest. Nothing in this option shall require the Landlord to pay any taxes or assessments which were due and payable by the Tenant.

3. If approved by the Federal Housing Commissioner, tenant may assign, transfer or sell his interest in the demised premises.

4. (a) Insurance policies shall be in an amount, and in such company or companies and in such form, and against such risks and hazards, as shall be approved by the Federal Housing Commissioner.

   (b) The Landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the Tenant to the mortgagee. The Landlord may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the Tenant.

5. (a) If all or any part of the demised premises shall be taken by condemnation that portion of any award attributable to the improvements or damage to the improvements shall be paid to the mortgagee or otherwise disposed of as may be provided in the insured mortgage. Any portion of the award attributable solely to the taking of land shall be paid to the Landlord. After the date of taking the annual ground rent shall be reduced ratably by the proportion which the award paid to the Landlord bears to the total value of the land as established by the amount the Federal Housing Commissioner would be required to pay upon acquisition of the fee as set out in paragraph 2 of this addendum.

   (b) In the event of a negotiated sale of all or a portion of demised premises in lieu of condemnation, the proceeds shall be distributed and ground rents reduced as provided in cases of condemnation, but the approval of the Commissioner shall be required as to the amount and division of the payment to be received.

6. The Landlord agrees that it will cooperate with Tenant and will not unreasonably refuse to approve any applications for permits or licences or unreasonably withhold any other landlord required approval, and Landlord agrees that it will cooperate in the acquisition of easements for electric, telephone, gas, water, sewer, and such other public utilities and facilities as may be reasonably necessary in the operation of the demised premises, or of any improvements that may be erected thereon.

7. Nothing in this lease contained shall require the Tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the Landlord, or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy upon the rent payable by the Tenant under this lease.

8. Upon any default under this lease which authorizes the cancellation thereof by the Landlord, Landlord shall give notice to the Federal Housing Commissioner, and the Federal Housing Commissioner, his successors and assigns, shall have the right within any time within six (6) months from the date of such notice to correct the default and reinstate the lease unless Landlord has first terminated the lease as provided herein.

   At any time after two (2) months from the date a notice of default is given to the Commissioner, the Landlord may elect to terminate the lease and acquire possession of the demised premises. Upon acquiring possession of the demised premises Landlord shall notify Commissioner. Commissioner shall have six (6) months from the date of such notice of acquisition to elect to take a new lease on the demised premises. Such new lease shall have a term equal to the unexpired portion of the term of this lease and shall be on the same terms and conditions as contained in this lease, except that the Commissioner's liability for ground rent shall not extend beyond his occupancy under such lease. The Landlord shall tender such new lease to the Commissioner within thirty (30) days after a request for such lease and shall deliver possession of the demised premises immediately upon execution of the new lease. Upon executing a new lease the Commissioner shall pay to Landlord any unpaid ground rentals due or that would have become due under this lease to the date of the execution of the new lease, including any taxes which were liens on demised premises and which were paid by Landlord, less any net rentals or other income which Landlord may have received on account of this property since the date of default under this lease.

9. All notices, demands and requests which are required to be given by the Landlord, the tenant, or the Commissioner shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to the address of the party as given in this instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given.

10. This lease shall not be modified without the consent of the Federal Housing Commissioner.

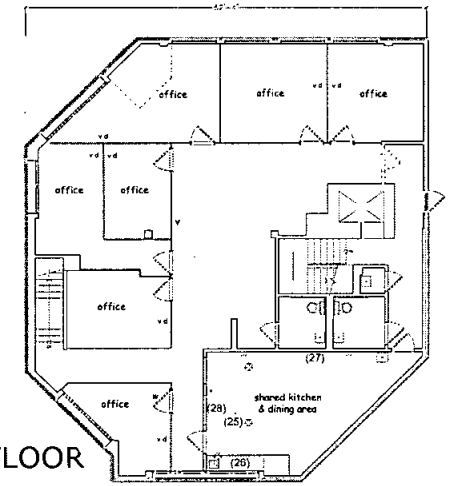
11. As used herein, the Federal Housing Commissioner shall include the Secretary of Housing and Urban Development, her successors and assigns.

EXHIBIT B

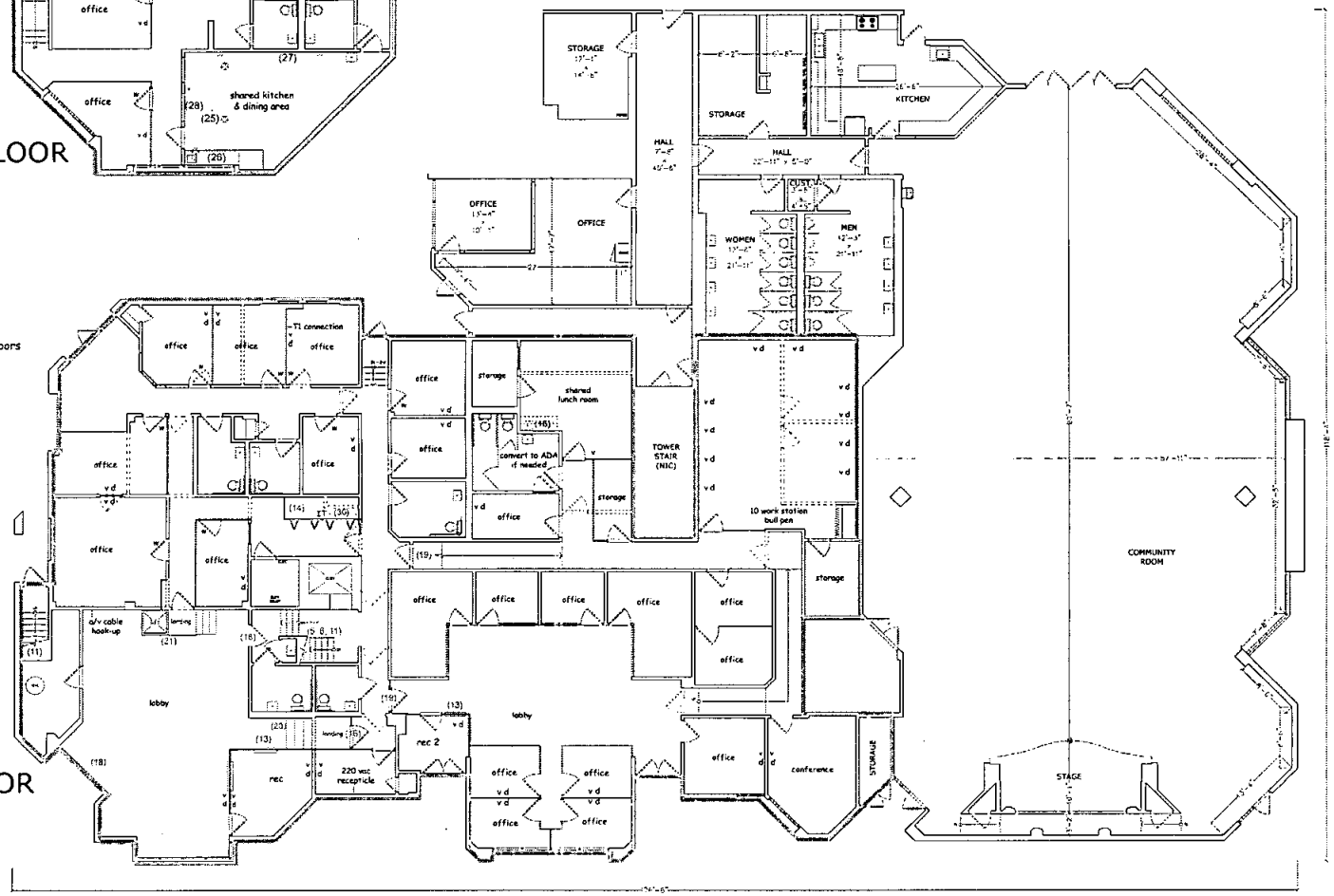
SUBLEASED PREMISES AND SUBLEASE IMPROVEMENTS
(SEE ATTACHED)

TOTAL AREA: 10,262 SF *

* Represents area within the green outline



SECOND FLOOR
2,769 SF


new wall
demo
w = windows in doors 24"x24"
v = voice
d = data
9th
STORAGE
STORAGE
KITCHEN
HALL
HALL
OFFICE
OFFICE
WOMEN
MEN
office
office
office
office
office
office
office

NICK MACCHIONE, MS, MPH, FACHE
DIRECTOR

ALFREDO AGUIRRE, LCSW
BEHAVIORAL HEALTH DIRECTOR

County of San Diego

HEALTH AND HUMAN SERVICES AGENCY

BEHAVIORAL HEALTH SERVICES DIVISION

3255 CAMINO DEL RIO SOUTH, SAN DIEGO, CALIFORNIA 92108
(619) 563-2700 • FAX (619) 563-2705

SUSAN BOWER, MSW, MPH
DIRECTOR OF OPERATIONS

MARSHALL LEWIS, MD, DFAPA
CLINICAL DIRECTOR

September 26, 2012

Ms. Mary Carlson
Supervising Property Agent
Real Estate Assets Department
The City of San Diego
1200 Third Avenue, Ste. 1700, MS 51A
San Diego, CA 92104-4199

Dear Ms. Carlson:

I am writing in support of Community Research Foundation's (CRF) proposal to lease a portion of San Diego Square to locate two important programs funded by the County of San Diego, Health and Human Services Agency, Behavioral Health Services Division.

Senior IMPACT is a newly-funded program providing comprehensive mental health and support services, and subsidized housing, exclusively for seniors. Due to the higher density of seniors in the downtown area, San Diego Square is an ideal location for this program. Similarly, the Jane Westin Center, which provides urgent psychiatric walk-in services including mental health assessment, psychiatric medication, and referral services for adults and seniors, with no appointment necessary, will be an asset for the downtown community.

As the former program monitor for the Jane Westin Center and the current program monitor for the Senior IMPACT program, I believe both programs would be an excellent fit for the proposed location and would bring benefit to San Diego's older adults.

CRF staff are professional and well trained, and they approach their work with persistence and creativity, utilizing best practices to serve our citizens. CRF provides outstanding oversight to all their programs.

CRF has contracted with the County of San Diego to provide behavioral health services for the past 32 years. The company has an excellent reputation for meeting or exceeding all contract requirements. They have been an outstanding partner with the County over the years.

Community Research Foundation has my complete recommendation. If you would like to discuss this further, please do not hesitate to call me at 619-563-2744.

Sincerely,

Virginia West

Virginia West, LCSW
MH Program Coordinator
Adult/Older Adult Behavioral Health

cc: Piedad Garcia
Tabatha Lang
William Hawthorne

Budget Worksheet
Income and Expense Projections

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0324
(exp. 12/31/2014)

Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is collected in accordance with Title II of the National Housing Act which requires that HUD regulate rents for certain cooperative and subsidized rental projects. The Department formulated the processes by which owners could request increases. The requirements for tenant participation in the rent increase process, which is included in Section 202 (b) of the HCD Amendments of 1978, necessitated that the Department design procedures to give consideration for tenant comments. The information gathered is not of a confidential nature. The information is required in order to obtain benefits.

Project Number	Name of Project
122-EH016	SAN DIEGO SQUARE

Description of Account		Acct. No.	Audit (FYE 12/31/11)	PUPM 154/12	Current FY (no. of mos. 6)	PUPM 154/6	Budget from 1/1/13-12/31/13	PUPM 154/12
Rental Income 5100	Rent Revenue - Gross Potential	5120	495,182	267.96	248,518	268.96	515,908	279.17
	Tenant Assistance Payments	5121	1,266,161	685.15	642,262	695.09	1,319,156	713.83
	Rent Revenue - Stores & Commercial	5140		-		-	-	-
	Garage & Parking Spaces	5170		-		-		-
	Flexible Subsidy Revenue	5180		-		-		-
	Miscellaneous Rent Revenue	5190		-		-		-
	Excess Rent	5191		-		-		-
	Rent Revenue/Insurance	5192		-		-		-
	Special Claims Revenue	5193		-		-		-
	Retained Excess Income	5194		-		-		-
	Total Rent Revenue Potential at 100% Occupancy	**5100T**	**1,761,343**	**953.11**	**890,780**	**964.05**	**1,835,064**	**993.00**
Vacancies 5200	Apartments	5220	3,108	1.68	4,056	4.39		-
	Stores and Commercial	5240		-		-		-
	Rental Concessions	5250	154	0.08		-		-
	Garage & Parking Spaces	5270		-		-		-
	Miscellaneous	5290				-		-
	Total Vacancies	**5200T**	**3,262**	**1.77**	**4,056**	**4.39**	-	-
	Net Rental Revenue (Rent Revenue less Vacancies)	**5152N**	**1,758,081**	**951.34**	**886,724**	**959.66**	**1,835,064**	**993.00**
Income 5300	**Nursing Homes/Assisted Living/Board & Care/ Other Elderly Care/ Coop/ Other Revenues**	**5300**						
Financial Revenue 5400	Financial Revenue - Project Operations	5410	-	-	-	-	-	-
	Revenue from Investments - Res. Rec.	5430	564	0.31	340	0.37		-
	Revenue from Investments - Repl. Res	5440	94	0.05	87	0.09		-
	Revenue from Investments - Miscellaneous	5490	-	-		-		-
	Total Financial Revenue	**5400T**	**658**	**0.36**	**427**	**0.46**	-	-
Other Revenue 5900	Laundry and Vending Revenue	5910	4,533	2.45	1,919	2.08	4,533	2.45
	Tenant Charges	5920		-		-		-
	Interest Reduction Payments Revenue	5945		-		-		-
	Gifts (nonprofits)	5970		-		-		-
	Miscellaneous Revenue	5990	451	0.24		-		-
	Total Other Revenue	**5900T**	**4,984**	**2.70**	**1,919**	**2.08**	**4,533**	**2.45**
	Total Revenue	**5000T**	**1,763,723**	**954.40**	**889,070**	**962.20**	**1,839,597**	**995.45**
Admin. Expenses 6200/ 6300	Conventions and Meetings	6203	3,367	1.82	56	0.06	3,900	2.11
	Management Consultants	6204		-		-	5,000	2.71
	Advertising and Marketing	6210	1,319	0.71	1,544	1.67	2,044	1.11
	Other Renting Expense	6250	1,054	0.57	719	0.78	1,554	0.84
	Office Salaries	6310	53,005	28.68	20,832	22.55	52,836	28.59
	Office Expenses	6311	13,866	7.50	8,231	8.91	14,559	7.88
	Office or Model Apartment Rent	6312	-	-		-		-
	Management Fee	6320	109,950	59.50	58,675	63.50	123,253	66.70
	Manager or Superintendent Salaries	6330	48,140	26.05	25,546	27.65	57,412	31.07
	Administrative Rent Free Unit	6331	-	-	-	-	-	-
	Legal Expenses - Project	6340	1,085	0.59	26,690	28.89	5,000	2.71
	Audit Expenses	6350	11,787	6.38	-	-	12,376	6.70
	Bookkeeping Fees/Accounting Services	6351	4,239	2.29	-	-	-	-
	Miscellaneous Administrative Expenses	6390	6,200	3.35	10,273	11.12	53,619	29.01
	Total Administrative Expenses	**6263 T**	**254,012**	**137.45**	**152,666**	**165.11**	**331,553**	**179.41**

Project Number		Name of Project					
122-EH016		SAN DIEGO SQUARE					
Description of Account		Acct. No.	Audit (FYE 12/31/11)	PUPM 154/12	Current FY (no. of mos. 6)	PUPM 154/6	Budget from 1/1/13-12/31/13	PUPM 154/12
Utilities 6400	Fuel Oil/Coal	6420						
	Electricity	6450	105,506	57.09	51,409	55.64	110,781	59.95
	Water	6451	43,580	23.58	23,511	25.44	49,590	26.83
	Gas	6452	56,339	30.49	24,387	26.39	59,156	32.01
	Sewer	6453	48,915	26.47	25,246	27.32	54,308	29.39
	Total Utilities Expense	**6400 T**	**254,340**	**137.63**	**124,553**	**134.80**	**273,835**	**148.18**
Operating & Maint. Expenses 6500	Payroll	6510	115,863	62.70	57,451	62.18	144,780	78.34
	Supplies	6515	21,846	11.82	19,137	20.71	22,938	12.41
	Contracts	6520	114,434	61.92	97,729	105.77	94,373	51.07
	Operating and Maintenance Rent Free Unit	6521		-		-		-
	Garbage and Trash Removal	6525	21,413	11.59	11,233	12.16	23,589	12.76
	Security Payroll/Contract	6530	128,899	69.75	92,255	99.84	135,344	73.24
	Security Rent Free Unit	6531		-		-		-
	Heating/Cooling Repairs and Maintenance	6546	32,235	17.44	11,169	12.09	33,847	18.32
	Snow Removal	6548		-		-		-
	Vehicle & Maint. Equip. Oper. and Repair	6570		-		-		-
	Misc. Operating & Maintenance Expenses	6590		-		-		-
	Total Operating & Maintenance Expenses	**6500 T**	**434,690**	**235.22**	**288,974**	**312.74**	**454,871**	**246.14**
Taxes & Insurance 6700	Real Estate Taxes	6710				-		-
	Payroll Taxes (Project's share)	6711	17,030	9.22	8,837	9.56	20,560	11.13
	Property and Liability Insurance (Hazard)	6720	33,940	18.37	18,043	19.53	38,022	20.57
	Fidelity Bond Insurance	6721		-		-		-
	Workmen's Compensation	6722	19,039	10.30	8,804	9.53	20,000	10.82
	Health Insurance & Other Employee Benefits	6723	35,794	19.37	20,336	22.01	49,126	26.58
	Misc. Taxes, Licen., Permits, & Insurance	6790	3,310	1.79	851	0.92	2,978	1.61
	Total Taxes & Insurance	**6700T**	**109,113**	**59.04**	**56,871**	**61.55**	**130,686**	**70.72**
Financial Expenses 6800	Interest on Mortgage Payable	6820	308,460	166.92	146,820	158.90	263,580	142.63
	Interest on Notes Payable (Long-Term) *	6830						
	Interest on Notes Payable (Short-Term) *	6840						
	Mortgage Insurance Premium/Service Charge	6850						
	Miscellaneous Financial Expenses	6890						
	Total Financial Expenses	**6800 T**	**308,460**	**166.92**	**146,820**	**158.90**	**263,580**	**142.63**
Expenses 6900	**Nursing Homes/Assisted Living/Board & Care/Other Eld. Care/ Coop/ Other**	6900						
	Total Cost of Operations	**6000T**	**1,360,615**	**736.26**	**769,784**	**833.10**	**1,454,525**	**787.08**
	Reserve for Replacements Dep. Required		45,224	24.47	22,768	24.64	45,576	24.66
	Principal Payments Required		284,369	153.88	150,498	162.88	331,057	179.14
	Debt Service for other approved loans							
	Debt Service Reserve (if required)							
	Non-Profit Reserve							
	General Operating Reserve (Coops)							
	Total Cash Requirements		**1,690,208**	**914.61**	**943,050**	**1,020.62**	**1,831,158**	**990.89**
	Less Total Revenue		**1,763,723**	**954.40**	**889,070**	**962.20**	**1,839,597**	**995.45**
	Net Cash Surplus (Deficiency)		**73,515**	**39.78**	**(53,980)**	**(58.42)**	**8,439**	**4.57**

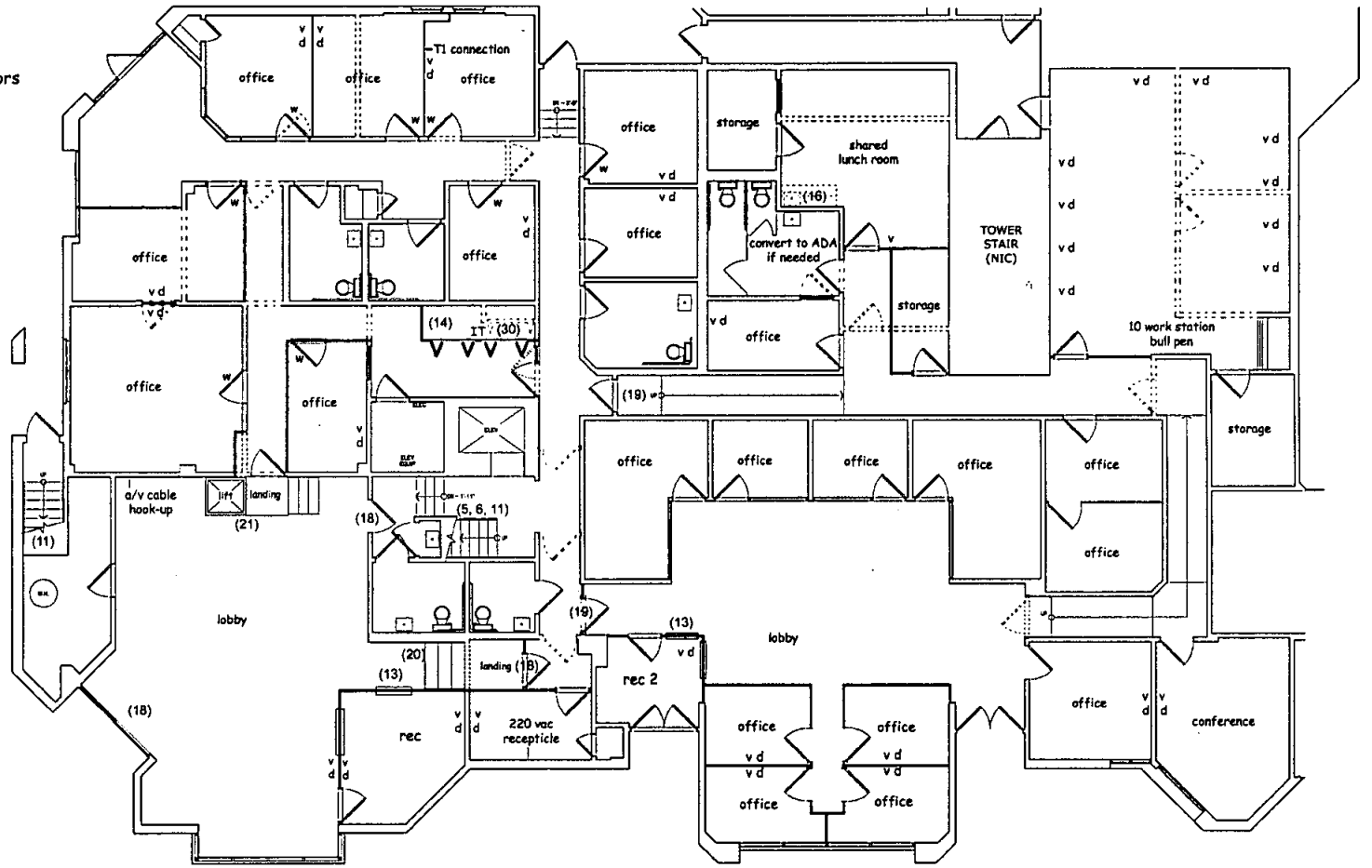
~~9/10/2012~~ *Revised 9/25/12*

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

(Signature) | Date (mm/dd/yyyy)

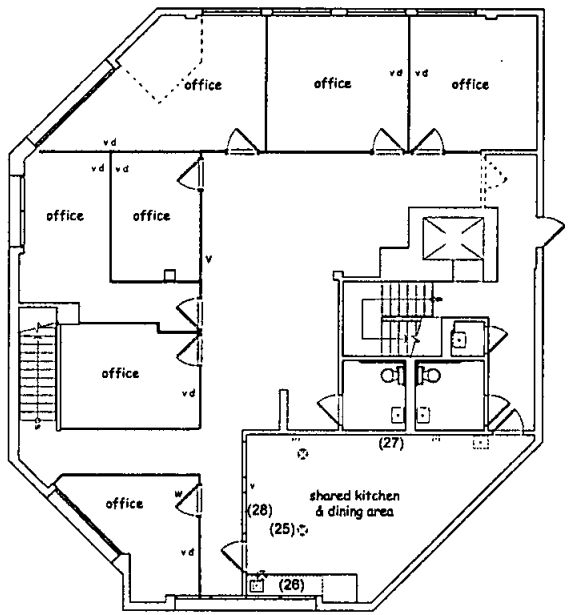
new wall
demo
w = windows in doors
24"x24"
v = voice
d = data

9th



Broadway

9th



Second Floor

Broadway

Construction/Compliance Notes:

1. Demolition of existing walls as indicated (see legend).
2. Selective demolition at existing suspended ceilings as required to provide continuous and uninterrupted ceiling heights. New ceiling as required to provide a finished ceiling at areas of demolition at penetration or full height walls (typical). Existing suspended ceilings may need additional seismic bracing.
3. Existing restroom are not compliant in terms of grab bars and accessories and should be replaced. Per City of San Diego Technical Policy P-4-1, dated May 1, 2003, occupant load will be 102.6 occupants, divided in two for male and female. One (1) toilet and one (1) urinal required for men. Four toilets required for women. There are seven (7) existing toilet fixtures on the ground floor and two (2) existing toilets on the second floor. Convert two of the ground floor toilet rooms to meet current accessibility requirements.
4. Strike-side door clearances are addressed in space plan.
5. 2010 UBC specifies a minimum tread depth of 11" – with a 1" overlap allowed at each riser. Existing treads are 10" and require the addition of a 1" nosing at each tread. Existing riser height of 7" is compliant.
6. Interior stair landing compliance should be studied and recommendations to address should be included in the proposal. Exterior landings comply.
7. Elevator cab is not compliant. It does not serve as a means of egress for the second floor as two stairs provide required egress for that level. The cab size cannot be increased because of restrictions at the existing concrete elevator shaft. This is a hardship case and revisions to the elevator should not be required.
8. Provide all new cylindrical lever-type door hardware at interior doors. Door frame/hardware to be reused as available to match existing and adjacent conditions. Key locks on all doors to open with master key.
9. Flooring/base repairs to match existing as required at all wall demolition sites. Use broadloom carpet at areas where floor repair areas are not able to be repaired to match existing.
10. Paint all new and existing interior walls.
11. Handrails at the existing stairs do not comply. Guard rails should be redesigned to comply (Tread + 1'-0" extensions at bottoms and tops of handrails).
12. Electrical design/build to match existing conditions with 2X4 prismatic lights. Reuse/ relocate/new lighting as needed to provide building standard lighting.
13. Include 48" wide pass-under transaction windows at two locations indicated and 48" Fixed windows to be installed at adjacent locations.
14. HVAC design/build rework of existing systems to new layout. Install 7/24 split system at server closet on first floor.
15. Fire sprinkler system design build rework of existing to new layout.
16. Demolition of existing millwork and replace with new base/counter/uppers at indicated location. Reuse/replace sink as needed.
17. Frame necessary or required gyp bd headers at ceiling transitions in lieu of ceiling replacement if indicated. Infill and relocate door openings per plan. Repair all walls to be paint ready with finish to match existing conditions.
18. Install electronic door locks at three specified locations to be controlled from reception office.
19. Install key-pad locks at two specified locations.
20. Design/build conforming stairs/hand rails as required at specified location.
21. Design/build conforming stairs/handrails and wheelchair lift at specified location.
22. Install window coverings to match existing at windows with missing window coverings.
23. Replace cove molding as needed.
24. Strip/polish/seal existing vinyl floors as needed.
25. Remove floor drains and install new vinyl floor at second floor kitchen area.
26. Replace counter and sink with new counter and larger sink and install new upper cabinets with shelves and space for two microwaves with dedicated switched electrical outlet.
27. Remove all wall plumbing, finish and patch wall to match existing.
28. Patch and finish cut-outs in interior kitchen wall.
29. Specified new wall locations are not exact.
30. Design/build new IT cabinet.

Funds Authorizations

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0555
(exp. 07/31/2013)

For Instructions, Public Burden Statement, and Privacy Act requirements: See Page 2.

■ **Reserve for Replacements Fund**	☐ **Residual Receipts Fund**	Project Number: 122-EH016
Is this withdrawal request to replace appliances and/or major components with energy efficient products/systems? ☐ Yes ■ No		Mortgagee Loan Number: (Optional)
		Property Address: (Include City, State, and Zip Code) San Diego Square 1055 Ninth Ave.:San Diego, CA 92101-5546
To: (Mortgagee) Bank of America 450 B Street, Suite 2000 San Diego, CA 92101 Acct. #1359		Comments: (Optional)

This is your authority to release the following amounts from the reserve: Purpose:	Amount
San Diego Square Community Center Restoration Costs And Fire, Health, Safety and ADA upgrades	$
Bycor Bid To Perform All Improvements Per Community Research Foundation Plan	$ 345,973.97
Additional Fire, Health, Safety And ADA Upgrades	$ 54,026.03
Less San Diego County Contribution	$ -130,000.00
Less Community Research Foundation Contribution	$ -25,000.00
	$
	$
	$
	$
	$
Total Amount	$ 250,000.00

Check (X) appropriate box:
☐ An inspection made on the date of (mm/dd/yyyy) _____ revealed satisfactory replacement and/or installation.
■ An inspection will be made on the next visit to the property. Satisfactory replacement and/or installation will be determined at that time.

This Office has approved (Check (X) appropriate boxes.) This is your authority to adjust the Reserve requirements accordingly. This authority is revocable upon written notice from HUD.
☐ A suspension of Deposits to the Reserve from the date of (mm/dd/yyyy) _____ to the date of (mm/dd/yyyy) _____
☐ A suspension of Deposits to the Reserve so long as a balance of $_____ is maintained.
☐ A change in the Monthly Deposit to the Reserve from $ _____ to $_____ effective the date of (mm/dd/yyyy) _____ through the date (mm/dd/yyyy) _____

Remarks (optional)

Attached are three bids for the proposed restoration costs and fire, health, safety and ADA upgrades to the San Diego Square Community Center: (1) Bycor General Contractors (2) Crew Builders, Inc. (3) Gohlke General Contracting

To: (Mortgagor/Managing Agent)	Name of Hub Director or Program Center Director: (please type or print) Supervisor, Elsa Roth		
San Diego Kind Corporation P O Box 121151 San Diego, CA 92112-1151	Signature		
	City Los Angeles	State CA	Date (mm/dd/yyyy)

Mortgagee: Retain this record for three years.
Distribution: One copy to Mortgagor and HUD files.

form **HUD-9250**
Ref. Handbook 4350.1, REV-1
1/2008

BYCOR
GENERAL CONTRACTORS

6490 MARINDUSTRY PLACE
SAN DIEGO, CA 92121
858-587-1901, F: 587-1903
LICENSE #444203

9/13/2012
Tom Brunson

PROJECT: Community Research Foundation

1545 9th Avenue
San Diego, CA 92101

Plan Date: Na
Architect: Na

CONTACT: **Gretchen Cole**
PHONE: 619-275-0822 x 321
EMAIL: gretchen@comresearch.org

CSI CODES	DESCRIPTION	TOTAL QTY	UNIT PRICE		UNIT TOTAL	SUB TOTAL
DIV. 1	**GENERAL CONDITIONS:**					
01001	Superintendent	8	$2,200.00	wk	$17,600.00	
01005	Project Manager	1	$4,400.00	ls	$4,400.00	
01007	Project Engineer	1	$1,100.00	ls	$1,100.00	
	SUBTOTAL					**$23,100.00**
	JOB REQUIREMENTS:					
01030	Job site labor & Continuous clean up	40	$22.00	hr	$880.00	
01600	Misc. materials	1	$450.00	ls	$450.00	
01800	Trash removal	1	$950.00	ea	$950.00	
01850	Clean up - Final	10262	$0.28	sf	$2,873.36	
	Clean and polish VCT flooring	**Included**				
	Parking	1	$400.00	ls	$400.00	
	SUBTOTAL					**$5,553.36**
DIV. 2	**SITE WORK:**					
02050	**Demolition:**					
	Walls	1264	$1.18	sf	$1,491.52	
	Doors	13	$25.00	ea	$325.00	
	Millwork	22	$9.00	lf	$198.00	
	Ceilings	3960	$0.45	sf	$1,782.00	
	Linoleum flooring	2035	$0.45	sf	$915.75	
	Carpet & Base	3411	$0.35	sf	$1,193.85	
	SUBTOTAL					**$5,906.12**
02060	**Concrete, Cut & Remove**					
	Cut out around floor drains	1	$850.00	ls	$850.00	
	SUBTOTAL					**$850.00**
02080	**Asbestos Abatement: (Not Included if required)**					
DIV. 3	**CONCRETE:**					
	Patch back concrete at floor drain removal	1	$675.00	ls	$675.00	
	SUBTOTAL					**$675.00**
DIV.5	**METALS:**					
05700	Hand Railings at ramp areas, New railings at stairs	264	$32.00	lf	$8,448.00	
	SUBTOTAL					**$8,448.00**

DIV. 6	**WOOD:**					
06100	**Rough Carpentry:**					
	Backing/Blocking	17	$3.00	lf	$51.00	
	Roof Platforms	0	$325.00	ea	$0.00	
	SUBTOTAL					**$51.00**
06400	**Millwork:**					
	Lunch Room					
	P-lam base cabinet	10	$138.00	lf	$1,380.00	
	P-lam counter top	10	$55.00	lf	$550.00	
	P-lam uppers	10	$118.00	lf	$1,180.00	
	Shared Kitchen					
	P-lam base cabinet	6	$138.00	lf	$828.00	
	P-lam counter top	6	$55.00	lf	$330.00	
	Countertop only (no base cabinet)	6	$65.00	lf	$390.00	
	IT Cabinet					
	New full height cabinet	1	$1,500.00	ls	$1,500.00	
	SUBTOTAL					**$6,158.00**
DIV. 7	**THERMAL/MOISTURE PROTECTION:**					
07200	**Insulation:**					
	Walls- R-11	3819	$0.45	sf	$1,718.55	
	SUBTOTAL					**$1,718.55**
07500	**Roofing**					
	Roofing Repair	1	$3,000.00	ls	$3,000.00	
	SUBTOTAL					**$3,000.00**
07900	**Joint Sealant - caulking**	150	$3.50	lf	$525.00	
	SUBTOTAL					**$525.00**
DIV. 8	**DOORS/WINDOWS:**					
08200	**Doors/Frames/Hardware:**					
	Add New Lockset to existing Interior Doors	30	$173.00	ea	$5,190.00	
	Relocate non rated door	8	$176.00	ea	$1,408.00	
	New 3080 non rated with Timely Frames	16	$465.00	ea	$7,440.00	
	Add Electric Strike at existing door	3	$475.00	ea	$1,425.00	
	Add stand alone mechanical lock at existing door	3	$618.00	ea	$1,854.00	
	Allowance for misc	1	$500.00	ls	$500.00	
	Submittal fee	1	$500.00	ls	$500.00	
	Delivery Fee	1	$150.00	ls	$150.00	
	Door assembly	1	$5,000.00	ls	$5,000.00	
	SUBTOTAL					**$23,467.00**
08800	**Glazing:**					
	Remove glass door and install fixed panel	1	$2,100.00	ls	$2,100.00	
	2 transaction windows	2	$750.00	ea	$1,500.00	
	SUBTOTAL					**$3,600.00**

DIV. 9	**FINISHES:**					
09250	**Drywall/Framing:**					
	Demo Intersections	33	$118.00	ea	$3,894.00	
	Cap and wrap headers	26	$48.00	lf	$1,248.00	
	Door Infill's	12	$189.00	ea	$2,268.00	
	Int Walls	402	$50.50	lf	$20,301.00	
	Corner bead	28	$2.85	ea	$79.80	
	Patch and repair	1800	$0.35	sf	$630.00	
	SUBTOTAL					**$28,420.80**
09500	**T-Bar/Acoustic:**					
	Supply, Repair, and Install existing grid	1	$7,673.00	ls	$7,673.00	
	SUBTOTAL					**$7,673.00**
09680	**Floor Covering:**					
	Carpet to match existing	376	$18.00	sy	$6,768.00	
	VCT supplied and installed	450	$1.39	sf	$625.50	
	Base - all new	3160	$1.50	sf	$4,740.00	
	Floor prep.	8	$58.00	hr	$464.00	
	SUBTOTAL					**$12,597.50**
09900	**Paint:**					
	Paint all walls	25280	$0.40	sf	$10,112.00	
	Primer existing wall covering before paint	702	$0.50	sf	$351.00	
	Primer and paint 2 existing Doors	2	$75.00	ea	$150.00	
	SUBTOTAL					**$10,613.00**
DIV. 10	**SPECIALTIES:**					
10440	**Signage - (Not Included)**					
10600	**Toilet Partitions: (P- Laminate) - (Not Included)**					
10800	**Toilet Accessories:**					
	Grab bars -(Pair)	0	$118.00	ea	$0.00	
	Paper towel holders	0	$67.00	ea	$0.00	
	Paper towel recessed model	0	$120.00	ea	$0.00	
	Paper towel recessed model w/trash	0	$300.00	ea	$0.00	
	Toilet paper holders	0	$45.00	ea	$0.00	
	Napkin disposal	0	$35.00	ea	$0.00	
	Sanitary Napkin Dispenser	0	$310.00	ea	$0.00	
	Soap dispenser	0	$67.00	ea	$0.00	
	Soap dispenser - Recessed	0	$100.00	ea	$0.00	
	Seat cover dispenser -	0	$55.00	ea	$0.00	
	Specimen pass through	0	$260.00	ea	$0.00	
	Handicap sign at bathroom	0	$35.00	ea	$0.00	
	Hand Dryer	0	$330.00	ea	$0.00	
10810	Mirror-framed 24" x 36"	0	$105.00	ea	$0.00	
10820	FRP panels	0	$2.50	sf	$0.00	
	SUBTOTAL					**$0.00**
	Restroom upgrade allowance:					
	Upgrade - Allowance to bring Restrooms up to ADA - (2) total Includes - Plumbing changes, repairs to existing to meet the requirements	1	$28,724.00	lks	$28,724.00	
	1-Demo and remove (9) toilets, (7) lavatory sinks, (1) urinal,					
	1-Relocate waste and water piping for ADA restrooms					
	9-Floor mount tank type ADA toilets with seat American Standard 215AA.014					
	8-Wall mount lavatory sinks with two handle self-closing ADA faucet American Standard 0355.012, 0847.012					
	SUBTOTAL					**$28,724.00**

DIV. 11	**EQUIPMENT:**				
11400	**Appliances:**				
	Refrigerator (for stainless steel add $200)	0	$950.00 ea	$0.00	
	Microwave	0	$250.00 ea	$0.00	
	Dishwasher (ADA)	0	$950.00 ea	$0.00	
	Dishwasher (ADA)Stainless Steel	0	$1,025.00 ea	$0.00	
	SUBTOTAL				**$0.00**
DIV. 12	**FURNISHINGS:**				
12500	**Window Coverings:**				
	Repair: Allowance & Replace (1) blind	1	$985.00 ls	$985.00	
	Cleaning	1	$450.00 ls	$450.00	
	SUBTOTAL				**$1,435.00**
DIV. 14	**CONVEYING SYSTEMS:**				
	Elevator Inspection- Allowance	1	$3,000.00 ls	$3,000.00	
	SUBTOTAL				**$3,000.00**
DIV. 15	**MECHANICAL:**				
15400	**Plumbing:**	1	$2,500.00 ls	$2,500.00	
	Demo- (1) kitchen sink, (4) floor drains, (1) hand sink and (1) bar Sink				
	1-Floor drain with trap primer Zurn Z-415-P, PPP-1				
	2-Single compartment stainless steel kitchen sink. Elkay GECR 2521				
	2-ADA single handle kitchen faucet Moen 67425				
	2-Garbage disposal ISE Badger #1				
	2-Water line with separate shut-off box for refrigerator				
	1-P.O.C. located no more				
	SUBTOTAL				**$2,500.00**
15500	**Fire Protection:**				
	Rework Fire Sprinkler Layout	1	$6,025.00 ls	$6,025.00	
	SUBTOTAL				**$6,025.00**
15560	**Fire Extinguishers**				
	Fire Extinguishers with cabinet	1	$150.00 ea	$150.00	
	SUBTOTAL				**$150.00**
15800	**Heating/Air Conditioning:**	1	$27,892.00 ls	$27,892.00	
	Demo some ductwork.				
	New supply air diffusers complete w/ associated ducting.				
	New return air grilles.				
	Relocate existing thermostats.				
	Test & balance.				
	Start up & Test.				
	Permit.				
	Mechanical plan.				
	New Server Room System	1	$6,500.00 ls	$6,500.00	
	HVAC inspection- Allowance	1	$1,500.00 ls	$1,500.00	
	SUBTOTAL				**$35,892.00**
DIV. 16	**ELECTRICAL:**				
16050	Convenience 15A Duplex Outlet	38	$125.00 ea	$4,750.00	
	Dedicated 120 volt 20 amp outlet for micro	8	$175.00 ea	$1,400.00	
	Dedicated 120 volt 20 amp outlet for disposal	2	$175.00 ea	$350.00	
	Copier outlets	4	$175.00 ea	$700.00	
	Line volt for electric door locks	3	$125.00 ea	$375.00	
	Cut-in charges for devices, outlets	19	$35.00 ea	$665.00	
	Single pole switch 120/277v	1	$80.00 ea	$80.00	
	Hilo switch 120/277v	1	$90.00 ea	$90.00	
	Hilo three way switch 120/277v	6	$155.00 ea	$930.00	
	Wall SW mnt a/b ltg sensor, leviton (per t-24)	20	$162.58 ea	$3,251.62	

	Change a/b switching to a/b motion sensor/blank (t-24)	15	$123.26 ea	$1,848.84	
	Cut-in charges for switches	9	$35.00 ea	$315.00	
	Relocate existing grid lights (no repairs)	35	$75.00 ea	$2,625.00	
	Re-switch existing grid lights (no repairs) (new corridors)	24	$65.00 ea	$1,560.00	
	Re-lamp existing light (2) T-8 41K lamps	pending	$0.00 ea	$0.00	
	Retro-fit (3) lp T-?? To (2) lp T-8, chr refl	pend t-24	$0.00 ea	$0.00	
	Prismatic 2 x 4 (2) lp 41K T-8 chrome reflector 120/277v	18	$153.57 ea	$2,764.29	
	Emergency battery 1150 lumen for 2 x 2, 2 x 4 lights	12	$204.74 ea	$2,456.83	
	LED exit plastic white/red or green	3	$202.38 ea	$607.15	
	Comm ring/string, new interior no insul't wall	18	$30.00 ea	$540.00	
	Comm ring/string/flex, fire wall or existing/cut-in wall	20	$40.00 ea	$800.00	
	Title 24 Lighting Control/Time Clock, PCI 4 circ, 2nd	1	$878.00 ls	$878.00	
	Title 24 Lighting Control/Time Clock, PCI 8 circ, 1st	1	$1,211.84 ls	$1,211.84	
	T-24 bypass switch, for PCI 4/8 circ	3	$135.00 ls	$405.00	
	Design Costs for city permit	10262	$0.26 sq/f	$2,668.12	
	As-builts (to obtain existing circuiting, for design build)	1	$750.00 ls	$750.00	
	As-builts (after final)	1	$125.00 ls	$125.00	
	Permit costs (allowance)	1	$500.00 ls	$500.00	
	Demo costs	1	$750.00 ls	$750.00	
	Parking Costs	1	$500.00 ls	$500.00	
	Connection to 24/7 hvac unit (assumes power available)	1	$765.00 ea	$765.00	
	Allowance for electrical panels/repairs/clean-up above, is for "common" electrical room	Pending Design			
	SUBTOTAL				**$34,661.70**
16500	**Life Safety-Rework Symplex Panel- Allowance**	1	$2,200.00 ls	$2,200.00	
16720	**Nova Voice And Data**	1	$24,626.00 ls	$24,626.00	**$24,626.00**
	Design:				
	Design Development	1	$4,000.00 ls	$4,000.00	
	Construction Documentation	1	$8,750.00 ls	$8,750.00	
	Permit Processing	1	$2,500.00 ls	$2,500.00	
	Permit fee- Allowance	10262	$1.00 sf	$10,262.00	
	SUBTOTAL				**$25,512.00**
01015	**Contingency**		5.00%	$15,354.10	**$15,354.10**
	SUBTOTAL			$322,436.13	
01025	Profit & Overhead			$20,313.48	
01140	Insurance			$3,224.36	
	TOTAL ESTIMATE			**$345,973.97**	
		Sq. Ft. 10262	Cost per Sq. Ft.	$33.71	

EXCLUSIONS

SDGE/Water assessment fees, asbestos abatement, backflow prevention devices, waxing of all hard surface flooring, bonds, engineering, plans, ADA issues not referenced above, disposal of fire sprinkler system bleed down water, Recycling fee, Data/Phone/Audio Video/Security systems and cabling, Union Labor, Prevailing wages

ALTERNATES:

[1]	**Construction observation from the Design Team - ADD:**	$5,000.00
[2]	**Light upgrate to meet T-24 - ADD:**	$11,035.40

crew builders inc.

EXECUTIVE SUMMARY
Community Research Foundation
Conceptual Estimate

CLIENT:	**Community Research Foundation**	**Attn: Gretchen Cole**
PROJECT:	**Community Research Foundation**	
LOCATION:	**1045 9th Avenue San Diego, Ca 92101**	
ESTIMATOR:	**Rodrigo A Doll**	
ARCHITECT:	**n/a Space Plan**	

AREA SUMMARY:

CONSTRUCTION AREA	**10,262 sf**
TOTAL GROSS AREA	**10,262 sf**
DURATION 8 weeks	
BUILDING TYPE	

DESCRIPTION			TOTAL		COST / sf
TOTAL CONSTRUCTION COSTS:					
Current Estimate		$	281,200		27.40 / sf
TOTAL CONSTRUCTION COSTS		$	281,200		27.40 / sf
OTHER PROJECT COSTS:					
Fee	5.00 %	$	14,060	$	1.37 / sf
Contractors Insurance	1.25 %	$	3,515	$	0.34 / sf
Architectural Fees		$	22,815		
Permit Fee Allowance		$	5,200		
Contingency	5.00 %	$	16,339	$	1.59 / sf
TOTAL PROJECT COSTS	Total	$	343,129	$	33.44 / sf

VOLUNTARY ALTERNATES

QUALIFICATIONS

Assumes re-use of existing doors
Excludes re-ballast and re-lamp at existing fixtures
Assume existing electrical above ceiling is to current code
Excludes card readers. By others
Excludes any Audio/Visual

crew builders inc.

SYSTEMS SUMMARY
Community Research Foundation
Conceptual Estimate

PROJECT:	**Community Research Foundation**	**JOB NO:**	**TBD**
LOCATION:	**1045 9th Avenue San Diego, Ca 92101**	**ESTIMATE NO:**	**1**
ARCHITECT:	**n/a Space Plan**	**DATE:**	**9/17/2012**
CLIENT:	**Community Research Foundation**		

AREA SUMMARY:

CONSTRUCTION AREA	**10,262 sf**	**BUILDING TYPE**	**0**
TOTAL GROSS AREA	**10,262 sf**	**DURATION**	**8 weeks**

CSI DIVISION	DESCRIPTION	TOTAL	COST / sf
1	GENERAL REQUIREMENTS	25,564	2.49
2	SITE CONSTRUCTION	10,422	1.02
3	CONCRETE	0	0.00
4	MASONRY	0	0.00
5	METALS	7,500	0.73
6	WOOD AND PLASTICS	9,775	0.95
7	THERMAL AND MOISTURE PROTECTION	4,458	0.43
8	DOORS AND WINDOWS	32,318	3.15
9	FINISHES	53,500	5.21
10	SPECIALTIES	3,167	0.31
11	EQUIPMENT	0	0.00
12	FURNISHINGS	1,435	0.14
13	SPECIAL CONSTRUCTION	15,245	1.49
14	CONVEYING	9,800	0.95
15	MECHANICAL / PLUMBING	54,870	5.35
16	ELECTRICAL	53,146	5.18
	SUBTOTAL	$ 281,200	$ 27.40

crew builders inc.

SYSTEMS BACK-UP
Community Research Foundation
Conceptual Estimate

PROJECT:	**Community Research Foundation**	**JOB NO:**	**TBD**
LOCATION:	**1045 9th Avenue San Diego, Ca 92101**	**ESTIMATE NO**	**1**
ARCHITECT:	**n/a Space Plan**	**DATE:**	**9/17/2012**
CLIENT:	**Community Research Foundation**	**ESTIMATOR:**	**Rodrigo A Doll**

SYS NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	SUBTOTAL		TOTAL	COMMENTS
01	**General Requirements**							
	01100 - General Conditions							
	Sr. Project Manager	85	mh	75.00	6,391			
	Superintendent	426	mh	45.00	19,173			
	Accountant / Field Office Coordinator	1.0	ls	Included				
	Electronic closeout package	1.0	ls	Included				
TOTAL: 01 - General Requirements							**25,564**	
02	**Site Construction**							
	02100 - Sitework / Soft Demolition							
	Demolition sub contract	1.0	ls	5,950.00	5,950			
1st	Demo carpet / base	1,190.0	sf	Included				
	Remove D/F/H	13.0	ea	Included				
	Demo T-Grid at demo walls	331.0	sf	Included				
	Demo VCT	1,441.0	sf	Included				
	Demo wall partitions	145.0	lf	Included				
2nd	Demo D/F/H	1.0	ea	Included				
	Demo hardlid ceiling	356.0	sf	Included				
	Demo landing	48.0	sf	Included				
	Demo millwork	8.0	lf	Included				
	Demo sheet vinyl	352.0	sf	Included				
	Demo VCT	2,035.0	sf	Included				
	Demo wall partitions	6.0	lf	Included				
All	Demo prep / protection / progress clean	1.0	ls	1,875.00	1,875			
	SUBTOTAL: 02100 - Sitework / Soft Demolition					7,825		
	02950 - Final Clean							
All	Final Clean (General Clean)	10,262.0	sf	0.18	1,847			
	Strip and wax existing/new VCT	1.0	ls	750.00	750			
	SUBTOTAL: 02950 - Final Clean					2,597		
TOTAL: 02 - Site Construction							**10,422**	
05	**Metals**							
	05050 - Metal Fabrications							
	Modify metal handrails at ramp and stairwells	90.0	lf	50.00	4,500			
	Modify existing railing at stairs	120.0	sf	25.00	3,000			
	SUBTOTAL: 05050 - Metal Fabrications					7,500		
TOTAL: 05 - Metals							**7,500**	
06	**Wood and Plastics**							
	06100 - Rough Carpentry							
	Wood steps	2.0	ea	1,800.00	3,600			
	Landing at wood steps	1.0	ea	975.00	975			
	SUBTOTAL: 06100 - Rough Carpentry					4,575		
	06200 - Finish Carpentry							
	Millwork subcontract	1.0	ls	5,200.00	5,200			
1st	New -plam Upper/Lower/Top	8.0	ls	Included				At shared lunch room
2nd	New -plam Upper/Lower/Top	8.0	ls	Included				At shared kitchen/dining
	SUBTOTAL: 06200 Finish Carpentry					5,200		
TOTAL: 06 - Wood and Plastics							**9,775**	
07	**Thermal and Moisture Protection**							
	07200 - Thermal Protection							
1st	R-11 sound Insulation	2,295.0	sf	0.40	918			
2nd	R-11 sound Insulation	1,350.0	sf	0.40	540			At new walls only
	SUBTOTAL: 07200 - Thermal Protection					1,458		
	07700 - Roofing							
	Waterproofing/patching	1.0	ls	3,000.00	3,000			Split system penetration

crew builders inc.

SYSTEMS BACK-UP
Community Research Foundation
Conceptual Estimate

PROJECT:	**Community Research Foundation**	**JOB NO:**	**TBD**
LOCATION:	**1045 9th Avenue San Diego, Ca 92101**	**ESTIMATE NO**	**1**
ARCHITECT:	**n/a Space Plan**	**DATE:**	**9/17/2012**
CLIENT:	**Community Research Foundation**	**ESTIMATOR:**	**Rodrigo A Doll**

SYS NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	SUBTOTAL		TOTAL	COMMENTS
	SUBTOTAL: 07700 - Roofing					3,000		
TOTAL: 07 - Thermal and Moisture Protection							**4,458**	
08	**Doors & Windows**							
	08050 - Doors, Frames and Hardware							
1st	Furnish/install new DFH to match	2.0	ea	775.00	1,550			
	Relocate existing single DFH - NR	11.0	ea	250.00	2,750			
	New Bi-fold doors	2.0	ea	850.00	1,700			At IT closet
	Glass adder	7.0	ea	285.00	1,995			
	New electrified hardware at interior door	2.0	ea	595.00	1,190			Note # 18
	New electrified hardware at front entry	1.0	ea	1,150.00	1,150			Note # 18
	New cypher locks	3.0	ea	875.00	2,625			
2nd	Furnish/install new DFH to match	5.0	ea	775.00	3,875			
	Relocate existing single DFH - NR	2.0	ea	250.00	500			
	Glass adder	1.0	ea	285.00	285			
All	New ADA hardware at all doors	40.0	ea	195.00	7,800			
	SUBTOTAL: 08050 - Doors, Frames and Hardware					25,420		
	08800 - Glass & Glazing							
1st	48" 1/4" transaction window/ u -channel	4.0	ea	1,275.00	5,100			
	Deal trays	4.0	ea	Included				
1st	New storefront glass in lieu of lobby door	1.0	ls	1,798.00	1,798			
	SUBTOTAL: 08800 - Glass and Glazing					6,898		
TOTAL: 08 - Doors and Windows							**32,318**	
09	**Finishes**							
	09200 - Walls							
1st	New walls 9' a.f.f frame/hang/tape	255.0	lf	51.75	13,196			Below Grid
	Misc. wall patching	1.0	ls	1,500.00	1,500			
2nd	New walls 9' a.f.f frame/hang/tape	150.0	lf	51.75	7,763			Below Grid
	Misc. wall patching/skim coat	1.0	ls	1,500.00	1,500			Kitchen
	Stocking / Scrapwork	1.0	ls	575.00	575			
	SUBTOTAL: 09220 - Walls					24,534		
	09500 - Acoustical Ceilings							
All	New Grid / Tile Patch	3,960.0	sf	2.00	7,920			At affected area only
	15/16" Grid	1.0	ls	Included				
	2' x 4' Armstong Cortega #769	1.0	ls	Included				
	SUBTOTAL: 09500 - Acoustical Ceilings					7,920		
	09600 - Flooring							
	New carpet / no Spec	280	sy	18.00	5,040			
	Carpet patching / best match	100	sy	18.00	1,800			
	VCT / Armstrong	2,000.0	sf	1.55	3,100			
	New carpet at wood steps	1.0	ls	Included				
	SUBTOTAL: 09600 - Flooring					9,940		
	09900 - Paints and Coatings							
All	Latex paint walls only	1.0	ls	9,956.00	9,956			Through out
	Paint existing stairwell handrails	1.0	ls	1,150.00	1,150			
	Repaint existing doors and frames	0.00	ea	Excluded				
	SUBTOTAL: 09900 - Paints and Coatings					11,106		
TOTAL: 09 - Finishes							**53,500**	
10	**Specialties**							
	10010 - Specialty Accessories							
	Furnish/install new ADA accessories existing	1.0	ls	3,167.00	3,167			Surface mounted
	SUBTOTAL: 10010 - Specialties Bath Accessories					3,167		
TOTAL: 10 - Specialties							**3,167**	
12	**Furnishings**							
	12500 - Window Treatments							
	Clean existing window coverings	1.0	ls	450.00	450			

crew builders inc.

SYSTEMS BACK-UP
Community Research Foundation
Conceptual Estimate

PROJECT:	**Community Research Foundation**	**JOB NO:**	**TBD**
LOCATION:	**1045 9th Avenue San Diego, Ca 92101**	**ESTIMATE NO**	**1**
ARCHITECT:	**n/a Space Plan**	**DATE:**	**9/17/2012**
CLIENT:	**Community Research Foundation**	**ESTIMATOR:**	**Rodrigo A Doll**

SYS NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	SUBTOTAL		TOTAL	COMMENTS
	Repair/rework window coverings at 2nd	1.0	ls	985.00	985			
	SUBTOTAL: 12500 - Window Treatments					1,435		
TOTAL: 12 - Furnishings							1,435	
13	**Special Construction**							
	13850 - Detection and Alarm							
	R/R Fire, Life & Safety rework (devices)	1.0	ls	7,800.00	7,800			
	13900 - Fire Suppression / Fire Sprinklers							
	Rework layout / New drops and heads	1.0	ls	7,445.00	7,445			
	Design / Permit sprinkler rework	1.0	ls	Included				
	SUBTOTAL: 13850 & 13900							
TOTAL: 13 - Special Construction							15,245	
14	**Conveying Systems**							
	14400 - Lifts							
	ADA Platform lift	1.0	ea	6,800.00	6,800			
	Elevator upgrade	1.0	ls	3,000.00	3,000			
	SUBTOTAL: 14400 - Lifts					9,800		
TOTAL 14 - Conveying Systems							9,800	
15	**Mechanical and Plumbing**							
	15700 - HVAC System							
	HVAC Subcontract	1.0	ls	20,975.00	20,975			
	New supply registers	12.0	ea	Included				
	New return registers	14.0	ea	Included				
	Relocate existing supply diffusers	8.0	ea	Included				
	Relocate existing return diffusers	6.0	ls	Included				
	New flex duct work	1.0	ls	Included				
	New split system	1.0	ea	Included				
	Relocate T-stats	5.0	ea	Included				
	Comfort balance	1.0	ls	Included				
	Inspect/survey existing HVAC equipment	1.0	ls	1,500.00	1,500			
	Design/build engineering	1.0	ls	Included				
	Permit fees	1.0	ls	Included				
	SUBTOTAL: 15700 - HVAC System					22,475		
	15900 - HVAC Instrumentation and Controls							
	Controls (Pneumatics)	0.0	ea	Excluded				
	SUBTOTAL: 15900 - HVAC Instrumentation and Controls					1,500		
	15400 - Plumbing Fixtures and Equipment							
	Plumbing subcontract	1.0	ls	4,895.00	4,895			
1st	Upgrade restrooms to meet ADA	2.0	ea	13,750.00	27,500			
1st	Remove & Reset existing sink and faucet	1.0	ea	Included				At shared lunch room
	Demo water closet / relocate existing for	1.0	ea	Included				
2nd	Furnish / install new sink/faucet/disposal	1.0	ea	Included				At shared kitchen/dining
	Demo existing floor drains	3.0	ea	Included				
All	Design/build engineering	1.0	ls	Included				
All	Permit fees	1.0	ls	Included				
	SUBTOTAL: 15400 - Plumbing Fixtures and Equipment					32,395		
TOTAL: 15 - Mechanical and Plumbing							54,870	
16	**Electrical**							
	16050 - Electrical subcontract							
All	Electrical subcontract	1	ls	28,520.00	28,520			
	Relocate existing fixtures	64	ea	Included				
	New prismatic fixtures	10	ea	Included				
	New em battery pack	6	ea	Included				
	New Lighting Control Panel	1	ea	Included				
	Rework existing circuts/switching	1	ls	Included				

crew builders inc.

SYSTEMS BACK-UP
Community Research Foundation
Conceptual Estimate

PROJECT:	**Community Research Foundation**	**JOB NO:**	**TBD**
LOCATION:	**1045 9th Avenue San Diego, Ca 92101**	**ESTIMATE NO**	**1**
ARCHITECT:	**n/a Space Plan**	**DATE:**	**9/17/2012**
CLIENT:	**Community Research Foundation**	**ESTIMATOR:**	**Rodrigo A Doll**

SYS NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	SUBTOTAL	TOTAL	COMMENTS
	Double gang switch	8	ea	Included			
	Wall mounted motion sensors	24	ea	Included			
	Ceiling Motion Sensors	7	ea	Included			
	Convenience receptacles	52	ea	Included			
	Power to loading stations	2	ea	Included			
	Power to card readers	5	ea	Included			
	Safe off	1	ls	Included			
	phone data ring & string	15	ea	Included			
	Power to split system	1	ea	Included			
	Design/build engineering	1	ls	Included			
	Permit fees	1	ls	Included			
	SUBTOTAL: 16050 - Electrical subcontract					28,520	
	16700 - Communications						
	Tel/Data subcontract	1	ls	24,626.00	24,626		NOVA Voice & Data
1st	1st floor cabling	1	ls	Included			
2nd	2nd floor cabling	1	ls	Included			
All	Peripheral equipment	1	ls	Included			
All	Feeders to MPOE	1	ls	Included			
All	CATV cable installation						
	Cable permits	10	ls	Included			
	SUBTOTAL: 16700 - Communications						
TOTAL: 16 - Electrical						53,146	
					Subtotal	281,200	

GOHLKE
General Contracting
Commercial & Residential
Lic# 891404

Phone # 619-206-3040 Fax # 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
24 Paint	Painting; -Prime and paint all new and existing gyp. board surfaces -Paint all new door and frames -Paint newly relocated door locations -Paint all new metal surfaces and stairs and grab bars		14,225.00	14,225.00
15 HVAC	Hvac work; -Rework existing ducting and grills to accommodate new floor plan -Inspect existing system -Supply and install new mini split system at IT room.		15,950.00	15,950.00
34 Carpentry	Roof Framing; -Construct new stairs and landings as per preliminary plan. -Design and construct new IT cabinet		4,100.00	4,100.00

Total

GOHLKE
General Contracting
Commercial & Residential
Lic# 881404

Phone # 619-206-3040 Fax # 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
21 Cabinets &...	Cabinets and counter tops; -Supply and install approximately 34 ft of upper and lower cabinets. Melamine boxes with laminate doors. -Supply and install approximately 20ft of counter top (laminate)		10,775.00	10,775.00
13 Windows ...	Windows and glazing; -Provide and install new storefront door fill at reception 2 -Provide and install 2 (two) transaction windows at reception areas - Provide and install 2 (two) fixed window locations		8,095.00	8,095.00

Total

GOHLKE
General Contracting
Lic# 891404
Phone #: 619-206-3040 Fax #: 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
23 Floor Cove...	Floor Coverings; -Provide and install broad loom carpet and rubber base at bullpen, ramps, corner conference office, new office spaces at 2nd floor -Provide and install repair base where required to match existing. -Patch in VCT tile at 1 St floor kitchen, storage room and where wall demo occurred - Carpet patch wall scares where demo occurred. -Sheet vinyl at 2nd floor kitchen -Provide and install new rubber stair treads and risers where stair repairs occurred -Strip and polish existing VCT tile		13,086.00	13,086.00
22 Specialty	Specialties; - Provide and install wheel chair lift.		9,765.00	9,765.00
41 Roofing	Roofing; -Allowance for roofing repair		3,000.00	3,000.00

Total

GOHLKE General Contracting
Lic# 891404
Phone # 619-206-3040 Fax # 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
22 Specialty	Elevator -Allowance for elevator inspection and repair		3,000.00	3,000.00
44 Low voltag...	Phone and data system; -Provide and install new voice and data system. Design provided by Nova.		24,626.00	24,626.00
63 Tiolet acce...	Bathroom accessories; -Supply and install necessary bathroom accessories to meet new ADA codes		4,650.00	4,650.00
66 Window co...	Window coverings; -Provide and install one widow covering at 2nd floor to match existing. -Clean all existing window coverings through out space.		2,475.00	2,475.00
64 Cleaning	Cleaning -Job site final cleaning		2,375.00	2,375.00
	Project subtotal			291,909.00
29 Supervision	Construction management fee		7.00%	20,433.63
66 Contingency	Contingency		5.00%	14,595.45
65 Bond	Performance and payment Bond		3.00%	8,757.27
65 Bond	Builders risk		1.00%	2,919.09

Total $338,614.44

GOHLKE
General Contracting
Lic# 891404
Phone # 619-206-3040 Fax # 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

✓ NON-QUALIFIED BID
- Does not meet Project Scope for Plumbing & Electrical

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
	Dear Gretchen: Thank you for giving Gohlke General Contracting the opportunity to provide you our design build proposal for the 10,262 square ft tenant improvement located at 1045 9th Ave, San Diego Ca 92101. Scope of work is as follows;			
01 Plans and ...	-Provide Design and Engineering services as per the preliminary design plan provided by Community Research Foundation. -Gohlke General Contracting will provide all necessary documentation and drawings for plan submittal. - Engineering is to consist of electrical, mechanical and plumbing. -We have budgeted for three design meetings with C.R.F project personnel.		19,170.00	19,170.00
01.2 Building ...	Building Permit and fees allowance.		8,000.00	8,000.00
49 Temporary...	Temp fencing at staging area for duration of project.		750.00	750.00
02.10 Demo	- As per preliminary plan and specifications provided by C.R.F.;Demolition of walls, ceiling system, flooring, electrical, plumbing and hvac ducting as required . - Demolition and debris disposal for duration of project.		9,590.00	9,590.00

Total

GOHLKE
General Contracting
Lic# 891404
Phone # 619-206-3040 Fax # 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
07 Wall Frame	Wall Framing and drywall work as per preliminary plan. -Wall framing approximately 425 ln ft. -Drywall, tape and texture. -Patch drywall as required where damage occurred from trades.		39,052.00	39,052.00
17 Insulation	Insulation at new wall locations.		2,185.00	2,185.00
16 Electrical ...	Electrical & Lighting; - Lighting and switches as required to accommodate new floor plan. -Outlets as required per new floor plan. - As per specification sheet attached to preliminary plan. -As per response to the request for info document. -Ring and string for new wall locations as required.		23,106.00	23,106.00

Total

GOHLKE
General Contracting
Commercial & Residential
Lic# 891404

Phone # 619-206-3040 Fax # 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
14 Plumbing	Plumbing; -Demo and cap pipes within walls at 2nd floor kitchen area -Demo floor sinks and cap pipes at 2nd floor kitchen area. -Provide new drain line at new sink location at 2nd floor kitchen -Provide and install 2 (two) locations with kitchen sink and faucet trim.		8,800.00	8,800.00
62 Fire sprink...	Fire sprinkler work; -Rework existing firesprinkler system to accommodate new wall locations and space configurations.		9,291.00	9,291.00
19 Ceilings & ...	Suspended ceiling work; - New ceiling system at bull pen area tile to match existing or proximate match. -Repair areas where wall demolition occurred through out space -Retro fit existing suspended ceiling systems to current code through out space.		13,933.00	13,933.00

Total

GOHLKE
General Contracting
Lic# 891404
Phone # 619-206-3040 Fax # 619-474-3109
1001 R Ave Gohlkegc@cox.net
National City, CA 91950

Proposal

Date	Estimate #
9/14/2012	151

Name / Address

Community Research Foundation
1202 Morena Blvd. Ste 300
San Diego, Ca 92110

Project

1045 9th Ave, S...

Item	Description	Qty	Rate	Total
12 Doors & Tr...	Door frames and hardware. -7 new door and frame locations. Frames and doors to match existing -Reuse existing doors and frames to accommodate new floor plan. -Provide and install all new door lock sets at all door locations. -Supply and install new door accessory hardware where required.		23,685.00	23,685.00
56 Metal Fabri...	Metal Fabrication; -Rework existing stair treads and risers to meet current code. -Add additional railings and grab bars at stair well to meet current code. -New grab bars at lower stairs -New grab bars at ramp locations (2) to meet current code. -New grab rails at new proposed stair locations.		18,225.00	18,225.00

Total

U.S. Department of Housing and Urban Development
Los Angeles Field Office, Region IX
Office of Multifamily Housing
611 West 6th Street, Suite 800 – 9DHML
Los Angeles, California 90017-3101

April 12, 2010

Ms. Mavourneen O'Connor
San Diego Kind Corporation
1055 9th Avenue
San Diego, CA 92101-5545

Subject: San Diego Square
Project No. 122-EH016

Dear Ms. O'Connor:

This letter is sent in follow up to our meeting last Friday, April 9, 2010 at HUD's San Diego Field Office regarding the project known as San Diego Square. As you know, on January 25, 2010 our office communicated to you the results of the open Office of the Inspector General ("OIG") audit findings for the above referenced project. The Department has accepted the OIG findings and hereby confirms that the San Diego Kind Corporation is the owner of the Project; to wit, the residential structure, community center and corresponding parking lot.

I am in receipt of a copy of the Residual Receipts Account deposit ticket confirming that $73,561, representing rent collected pursuant to a lease agreement for the Community Center, for the period of May, 2008 through January, 2010. The tenant of the community space is presently holding over and has indicated his intent to vacate the premise by the end of April, 2010. All rent collected for the period of February, 2010 until the termination of occupancy shall be deposited into the Project's Operations Account and shall be included as part of the year end determination of surplus cash. It appears that you deposited rent payments from February to the present into the Residual Receipts account along with the $73,561. Those funds in excess of the required deposit can be withdrawn from the Residual Receipts Account and deposited into the Operating Account where they properly belong. The withdrawal request should be sent to your Project Manager, Wanda Fleming.

Finally, whereas the Community Center is considered a part of the Project, all expenses related to restoration of the Community Center upon termination of the lease may be considered reserve for replacement eligible, in accordance with the HUD rules and regulations governing such accounts. Again, your Project Manager should receive any requests for reserve funds. I will take this time to remind you to work through your Project Manager to obtain consent to execute any new lease agreement for the Community Center prior to lease execution.

Thank you for your time and attention to this matter. It is very good to know that the seniors in San Diego have a champion in you and your organization. I look forward to working with you to maintain this property and others as long-term affordable housing for those most in need.

Sincerely,

Kelly S. Boyer
Director

cc: Project File/Wanda Flemin
Francis Riley