

CITY OF HUNTINGTON PARK

City Council Agenda Monday, April 15, 2013

6:00 p.m.
City Hall Council Chambers
6550 Miles Avenue
Huntington Park, CA 90255

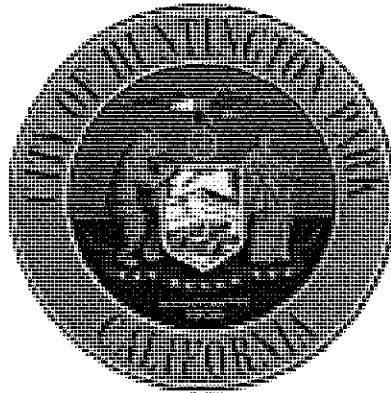
Mario Gomez
Mayor

Rosa E. Perez
Vice Mayor

Ofelia Hernandez
Council Member

Karina Macias
Council Member

Valentin Palos Amezquita
Council Member



All agenda items and reports are available for review in the City Clerk's Office and www.huntingtonpark.org. Any writings or documents provided to a majority of the City Council regarding any item on this agenda (other than writings legally exempt from public disclosure) will be made available for public inspection in the Office of the City Clerk located at 6550 Miles Avenue, Huntington Park, California 90255 during regular business hours, 7:00 a.m. to 5:30 p.m., Monday – Thursday, and at the City Hall Council Chambers during the meeting.

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may request such modification, accommodation, aid or service by contacting the City Clerk's Office either in person at 6550 Miles Avenue, Huntington Park, California or by telephone at (323) 584-6230. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Public Comment

The Council encourages all residents of the City and interested people to attend and participate in the meetings of the City Council.

Prior to the business portion of the agenda, the City Council and all other agencies meeting on such date will convene to receive public comments regarding any agenda items or matters within the jurisdiction of such governing bodies. This is the only opportunity for public input except for scheduled public hearing items. The Mayor or Chairperson will separately call for testimony at the time of each public hearing. If you wish to address the Council, please complete the speaker card that is provided at the entrance to the Council Chambers and place it in the box at the podium. When called upon by the Mayor or Mayor's designee, each person addressing the Council shall step up to the microphone and state his/her name or organization he/she represents for the record. Each speaker will be limited to three minutes per Huntington Park Municipal Code 2-1.207. Time limits may not be shared with other speakers and may not accumulate from one period of public comment to another or from one meeting to another. All comments or queries shall be addressed to the Council as a body and not to any specific member thereof. Pursuant to Government Code Section 54954.2(a)(2), the Ralph M. Brown Act, no action or discussion by the City Council shall be undertaken on any item not appearing on the posted agenda, except to briefly provide information, ask for clarification, provide direction to staff, or schedule a matter for a future meeting.

Additions/Deletions

Items of business may be added to the agenda upon a motion adopted by a minimum two-thirds vote finding that there is a need to take immediate action and that the need for action came to the attention of the City or Agency subsequent to the agenda being posted. Items may be deleted from the agenda upon the request of staff or Council.

Consent Calendar

All matters listed under the Consent Calendar are considered to be routine and will all be enacted by one motion. The City Council Members have received detailed staff reports on each of the items recommending an action. There will be no separate discussion of these items prior to the time the Council votes on the motion unless members of the Council, staff, or the public request specific items to be discussed and/or removed from the Consent Calendar for separate action.

Important Notice

The City of Huntington Park shows replays of City Council Meetings on Local Access Channel 3 and over the Internet at www.huntingtonpark.org. Your attendance at this public meeting may result in the recording and broadcast of your image and/or voice as previously described.

PLEASE SILENCE ALL PAGERS, CELL PHONES AND OTHER ELECTRONIC EQUIPMENT WHILE COUNCIL IS IN SESSION.

Thank you.

1. INVOCATION

2. FLAG SALUTE:

Josue Isidoro, 3rd grade student at Aspire Titan Academy.

3. ROLL CALL: Mayor Mario Gomez

Vice Mayor Rosa E. Perez
Council Member Ofelia Hernandez
Council Member Valentin Palos Amezquita
Council Member Karina Macias

4. PRESENTATIONS

- 4.1 Presentation to student who led the flag salute: Josue Isidoro.**
- 4.2 Presentation by the Los Angeles Unified School District Division of Adult and Career Education regarding Richard N. Slawson Southeast Occupational Center.**
- 4.3 Proclamation designating April 14 through 20, 2013 as National Library Week.**
- 4.4 Presentation of Certificates to the American Youth Soccer Organization State Champions.**
- 4.5 Presentation of a Plaque of Recognition to Maria Elena Arreola for being selected as the County of Los Angeles Public Library's 2013 Adult Volunteer of the Year.**
- 4.6 Presentation of a Certificate of Recognition to The Greater Huntington Park Area Chamber of Commerce for their 20th Anniversary "Carnaval Primavera Downtown Festival".**
- 4.7 Presentation by City of Vernon on their funding contribution towards the Salt Lake Park Soccer Field Project.**

5. PUBLIC COMMENTS

Each speaker will be limited to three minutes per Huntington Park Municipal Code Section 2-1.207.

6. CONSENT CALENDAR

OFFICE OF THE CITY CLERK

6.1 Approve the reading by title of all ordinances and resolutions. Said titles which appear on the public agenda shall be determined to have been read by title and further reading waived.

FINANCE DEPARTMENT

6.2 Approve Accounts Payable and Payroll Warrants dated April 15, 2013.

END OF CONSENT CALENDAR

7. REGULAR AGENDA

FINANCE DEPARTMENT

7.1 **City Budget Presentation.**

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Receive and file.

COMMUNITY DEVELOPMENT DEPARTMENT

7.2 **Grants available for the City of Huntington Park.**

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Review the matrix of current available grant funding opportunities.
2. Identify grant application that should be prepared.
3. Authorize California Consulting, LLC to prepare grant applications on behalf of the City of Huntington Park.

7.3 **Resolution approving a General Services Agreement between the City of Huntington Park and the County of Los Angeles.**

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Adopt Resolution No. 2013-12 approving the General Services Agreement between the City of Huntington Park and the County of Los Angeles.

7. REGULAR AGENDA – (Continued)

COMMUNITY DEVELOPMENT DEPARTMENT

7.4 Resolution approving the Annual Report for the Downtown Huntington Park Business Improvement District for Fiscal Year 2011-2012 and Budget recommendation for Fiscal Year 2013-2014.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Adopt Resolution No. 2013-13 approving the Annual Report for the Downtown Huntington Park Business Improvement District.

7.5 Agreement with Neighborhood Housing Services of Los Angeles County to provide housing services to the City of Huntington Park.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Authorize the City Manager to enter into an Agreement for Housing Services with Neighborhood Housing Services of Los Angeles County.
2. Authorize the City Manager to execute said agreement and all related documents.

7.6 Affordable Housing Agreement between the City of Huntington Park and Huntington Park 607, LP for \$1.9 Million Loan to fund acquisitions and rehabilitation costs to the Huntington Park Plaza Senior Apartments (formerly Rugby Plaza Senior Housing) Project.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve the Affordable Housing Agreement with Huntington Park 607, LP for the Huntington Park Plaza Senior Apartments (formerly Rugby Plaza Senior Housing) Project.
2. Authorize the City Manager to enter into a HOME Tenant Based Rental Assistance Agreement to subsidize tenant rents during the rehabilitation period.
3. Authorize the City Manager to modify the HOME Agreement and execute all related and necessary financing documents.

7.7 Appointment to the Business Improvement District Advisory Board.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Appoint Ricardo Cervantes to the Business Improvement District Advisory Board.

7. REGULAR AGENDA – (Continued)

COMMUNITY DEVELOPMENT DEPARTMENT

7.8 Planning Commission Appointment Process.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Discussion and/or take action regarding the selection process to appoint candidates interested in serving on the Planning Commission.

7.9 Status Update regarding a proposed amendment to the City of Huntington Park News Racks Ordinance.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Discuss the City's proposed regulations pertaining to news rack.
2. Receive and file this report.

7.10 Informational Report regarding the National Complete Streets Coalition's Recognition of Huntington Park's Complete Streets Policy.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Receive and file this report.

PUBLIC WORKS DEPARTMENT

7.11 Salt Lake Park Soccer Fields Project.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve the project study report and authorize the completion of the contract documents for the construction of the project.
2. Authorize the City Manager to execute a Cooperative Agreement with the City of Vernon defining the terms and conditions of a funding contribution for the project in the amount of \$500,000.

7. REGULAR AGENDA – (Continued)

PUBLIC WORKS DEPARTMENT

7.12 Citywide Bike Rack Installation Project.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve the proposed project to purchase and install decorative bike racks throughout the City, focusing on the Pacific Boulevard commercial area and selected City parks and facilities.
2. Authorize the City Manager to execute a Purchase Order for an amount not to exceed \$24,000 for the purchase and delivery of approximately 50 decorative bike racks.

POLICE DEPARTMENT

7.13 Portable Camera Surveillance and Monitoring System.

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Approve recommended vendor to provide a Portable Camera Surveillance and Monitoring System.
2. Authorize the City Manager to enter into an agreement with 3E Group Inc., subject to City Attorney approval.
3. Authorize the Finance Department to issue a Purchase Order to facilitate the purchase of equipment and services.

8. CITY MANAGER'S AGENDA

- 8.1 **Report on Water Replenishment District Notice of Public Hearing for Replenishment Assessment Rate Increase.**
- 8.2 **Receive and file a report on high nitrate concentration at Well No. 17.**
- 8.3 **Nominations for the 48th Annual Older Americans Recognition Day (OARD) Awards Program.**
- 8.4 **Nomination of an honoree for the 33rd Senate District's Women of Distinction Awards Ceremony.**

9. CITY ATTORNEY'S AGENDA

10. WRITTEN COMMUNICATIONS

11. COUNCIL COMMUNICATIONS

11.1 Mayor Mario Gomez

11.2 Vice Mayor Rosa E. Perez

11.2-1 Discussion regarding City Council minutes.

11.2-2 Gateway Cities Council of Governments Board requested the City's support on AB 741 (Brown).

11.3 Council Member Ofelia Hernandez

11.4 Council Member Valentin Palos Amezquita

11.5 Council Member Karina Macias

12. CLOSED SESSION

12.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION, Significant exposure to litigation pursuant to California Government Code Section 54956.9(b): (2)

12.2 Pursuant to Government Code Subdivision (a) of Section 54956.9 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Name of Case: Alhambra v. County of Los Angeles, Case No. BS 116375.

12.3 Pursuant to California Government Code Section 54957: PUBLIC EMPLOYEE APPOINTMENT

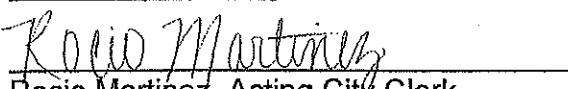
Title: Chief of Police

13. ADJOURNMENT

- 13.1** In memory of Maria Guadalupe Morales, aunt of Martha Castillo, Human Resources Supervisor for the City of Huntington Park.
- 13.2** In memory of Isidra Ortiz, mother of Vicente Ortiz, owner of Tacos Don Chente Restaurants, founder of META 2000 and former Arts & Culture Commissioner for the City of Huntington Park.

**NEXT REGULAR MEETING OF THE
CITY OF HUNTINGTON PARK CITY COUNCIL
MONDAY, MAY 6, 2013 at 6:00 p.m.**

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on April 11, 2013 on the bulletin board outside City Hall and available at www.huntingtonpark.org


Rocio Martinez, Acting City Clerk

LOS ANGELES UNIFIED SCHOOL DISTRICT
DIVISION OF ADULT AND CAREER EDUCATION
AND HUNTINGTON PARK SERVICE AREA
PRESENT

Richard N. Slawson
Southeast Occupational Center



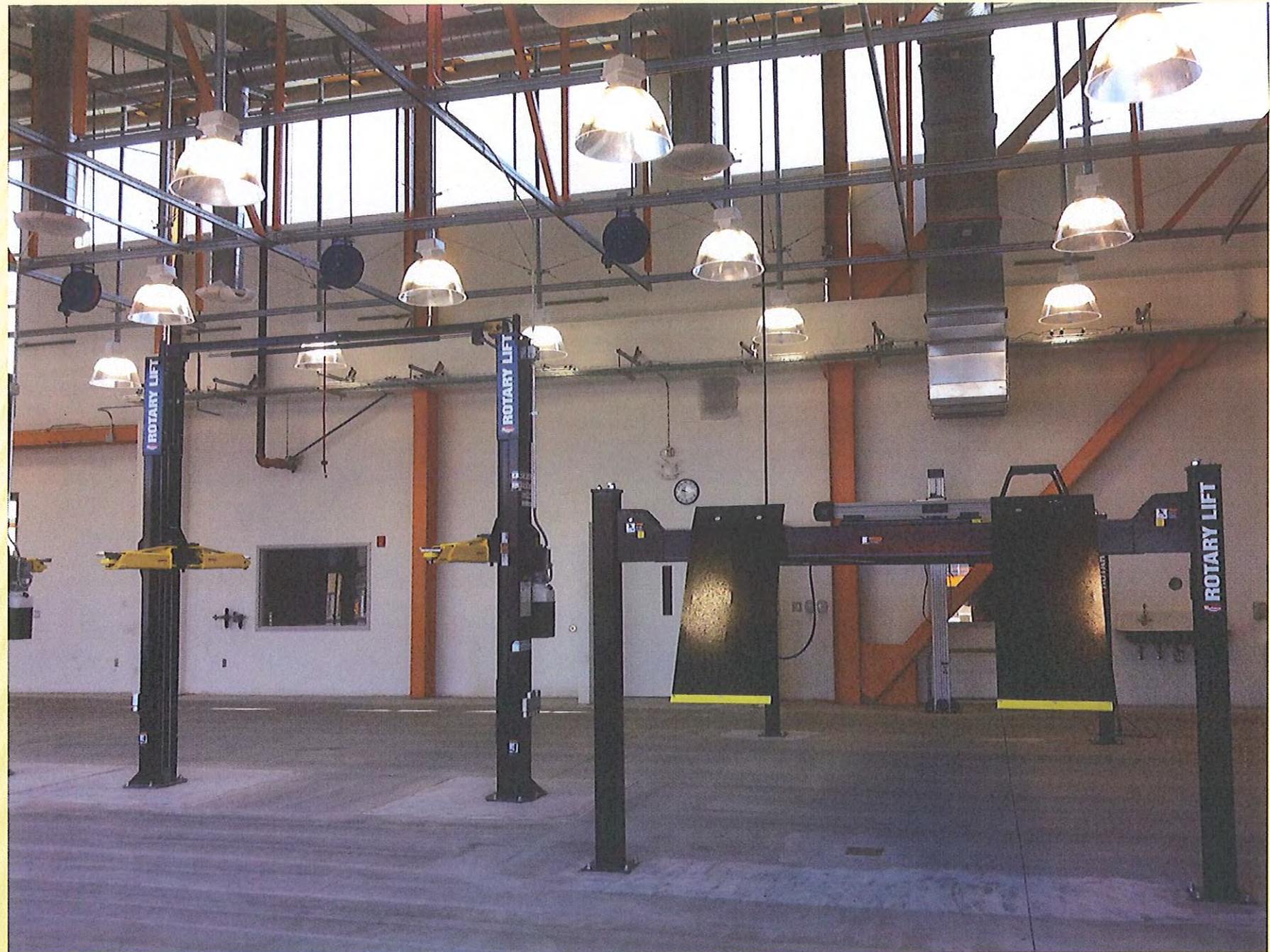


02/25/2013

FACILITIES

- 85,000 square feet
- 3 buildings
- 879 student capacity
- 500 parking spaces
- 21 Classrooms (including 3 shop areas)
- Childcare facilities
- 2 Kitchens: Servery and Culinary Arts
- Multipurpose room
- Large promenade area





COURSES OPEN TO HIGH SCHOOL STUDENTS AND ADULTS

Automotive Systems	Electrician & Photovoltaics
Building & Grounds Worker	Forensic Science
Child Development	Mobile Electronics
Cook Trainee	Networking
Computer Operator	Pharmacy Clerk
Construction Worker	Security Guard
World History I & II	English 3



ADDITIONAL COURSES OPEN TO ADULTS

Blueprint Reading

Pharmacy Technician

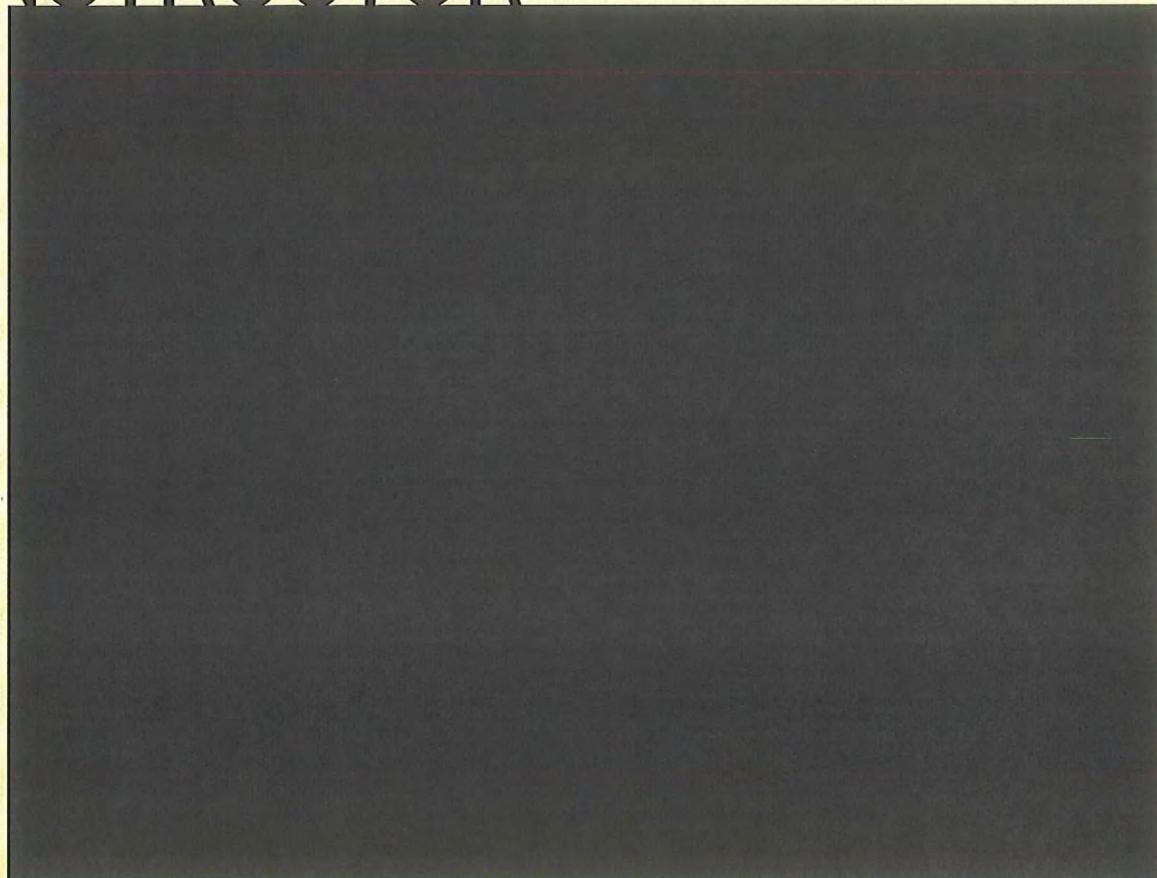
**Heating ,Ventilation & Air
Conditioning (HVAC)**

Plumbing

Power Line Mechanics



A FEW WORDS FROM AN INSTRUCTOR



COURSE TIMES AND DAYS

*** Adults and Off-Track Students:**

Mornings

*** Adults and High School Students**

Afternoons



TOUR

You Are Invited to Tour
Your New
Occupational Center





Slawson Southeast Occupational Center

➤ *Transforming lives,
one person at a time.*

➤ *Why not transform yours?*



***National Library Week 2013
Proclamation***

WHEREAS, our nation's libraries transform their communities, providing easy access to information and knowledge needed to nurture cultural exploration and lifelong learning; and

WHEREAS, libraries play a vital role in supporting the quality of life in their communities; and

WHEREAS, librarians are trained professionals, helping people of all ages and backgrounds find and interpret the information they need to live, learn and work in the 21st century; and

WHEREAS, librarians are key players in the national discourse on equity of access to information and the importance of literacy; and

WHEREAS, the Huntington Park Library joins libraries, librarians, library workers and supporters across America in celebrating National Library Week with the theme of, "Communities matter @ your library";

NOW, THEREFORE, be it resolved that the City of Huntington Park proclaims National Library Week, April 14-20, 2013, and encourages all residents to visit the library to take advantage of the wonderful library resources available and thank their librarians and library workers for making information accessible to all who walk through the library's doors.



County of Los Angeles Public Library ■ www.colapublib.org
7400 East Imperial Hwy., Downey, CA 90242 ■ (562) 940-8400



Margaret Donnellan Todd
County Librarian

February 19, 2013

Maria Elena Arreola
6357 Passaic Street
Huntington Park, CA 90255

Dear Ms. Arreola:

Congratulations on being selected the **County of Los Angeles Public Library's 2013 Adult Volunteer of the Year!** We appreciate the service that you have donated to the Huntington Park Library and the exemplary work that you are doing.

Volunteer of the Year honorees represent the most outstanding volunteers. They are selected based on service accomplishments that are supportive of the County's values of compassion, commitment, a "can do" attitude, accountability, integrity, professionalism, respect for diversity and responsiveness in service.

Annually, the Los Angeles County Board of Supervisors honors Departmental Adult and Youth Volunteers of the Year at the Volunteer Recognition & Awards Luncheon during National Volunteer Week. This year, the "Volunteers – Soar Like An Eagle" luncheon will be held on **Monday, April 15, 2013**, in the Grand Hall of the Los Angeles County Dorothy Chandler Pavilion at the Music Center, in downtown Los Angeles, from 11:30 a.m. to 2:00 p.m. We will be contacting you in the near future with more information about this gala event so please add it to your calendar now.

In addition, we invite you to attend the County of Los Angeles Public Library Volunteer of the Year reception at the East Los Angeles Library, 4837 E. 3rd Street, Los Angeles, CA 90022, on **Saturday, March 23, 2013**, from 10 a.m. to 11 a.m. Please feel free to bring a guest and please RSVP to Jim Allred, Acting Volunteer Programs Director, at (562) 940-8403 or e-mail to jallred@library.lacounty.gov.

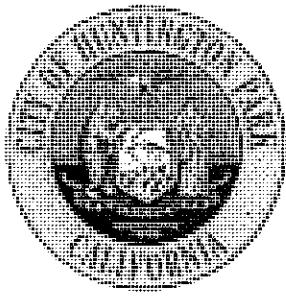
Again, congratulations on being chosen the County Library's 2013 Adult Volunteer of the Year.

Sincerely,

Margaret Donnellan Todd
Margaret Donnellan Todd
County Librarian

Attachment

c: Susan Baier, Regional Administrator, Central Region
Martin E. Delgado, Community Library Manager, Huntington Park Library



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

AUTHORIZATION FOR CALIFORNIA CONSULTING TO PREPARE GRANT APPLICATIONS ON BEHALF OF THE CITY.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Review the matrix of current available grant funding opportunities;
2. Identify grant applications that should be prepared; and
3. Authorize California Consulting, LLC to prepare grant applications on behalf of the City.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On February 5, 2013, the City retained California Consulting, LLC to provide grant writing services. Under their scope of services, California Consulting is responsible for researching and preparing grant applications for available funding opportunities. California Consulting has met with City Departments to identify departmental priority projects, needs, and objectives.

Based on these discussions, California Consulting has compiled a matrix of grants that the departments are seeking. The matrix includes the name of the grant, the amount available, match requirements and the submittal deadline (see attached).

These grant opportunities may provide revenues to assist in accomplishing City goals and objectives. Staff is recommending that the City Council review the attached matrix and determine which grant opportunities should be pursued.

List of Available Grants

April 15, 2013

Page 2 of 2

FISCAL IMPACT/FINANCING

California Consulting is providing grant writing services to the City at a monthly fee of \$4,000.

CONCLUSION

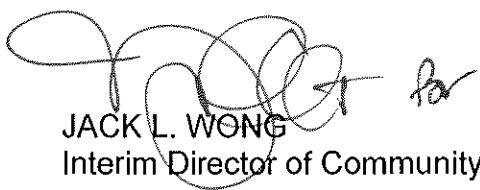
Upon City Council direction and authorization, California Consulting will prepare grant applications for the identified grants.

Respectfully submitted,



RENÉ BOBADILLA

City Manager, P.E.



JACK L. WONG

Interim Director of Community Development

ATTACHMENTS

A: List of City Grants Available

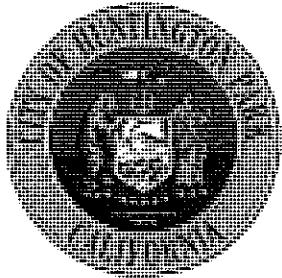
LIST OF CITY GRANTS AVAILABLE

ATTACHMENT: A

CITY GRANTS LIST						
City Department	Name of Grant	Funder	Summary	Fund Amount	Match Requirements	Grant Announcement Deadline
Parks and Recreation	Nutrition Education Obesity Prevention NEOP-LA	Los Angeles County	The overall goal of the NEOP-LA Project is to empower and SNAP-Ed participants and SNAP-eligible populations to seek healthy foods and beverages and to increase physical activity.	\$325,000 for the first year with an option to fund a second and third year at the same amount	No Match Required	3/1/2013
Community Development	Bikes Belong Coalition: Community Partnership Grants	Bikes Belong Coalition	To support partnerships between city or county governments, nonprofit organizations, and local businesses that aim to improve the environment for bicycling in the community. Grants, are primarily provided for the construction or expansion of bicycle facilities such as bike lanes, trails, and paths as well as advocacy projects that promote bicycling as a safe and accessible mode of transportation.	\$2,000-\$10,000	1. No Match Required, however, collaboration between at least one city/county government office or department, one non-profit organization with a mission specific to bicycling, trails or recreation, and one local business represented; collaboration means that each partner is contributing time, labor, materials, or money to the project. 2. Project supports bicycling among all age groups and ability levels	5/24/2013
Parks and Recreation	Kaiser Permanente Southern California Grants Program	Kaiser Community Benefit	To provide support to those organizations that offer direct healthcare services or address public policy aimed at improving community health.	Up to \$100,00	1. No Match Required 2. Requires Letter of Intent as first step	Year Round
Parks and Recreation	California Wellness Foundation's Responsive Grantmaking Program	California Wellness Foundation	To assist residents of underserved communities in promoting health by reducing violence and teen pregnancy, confronting environmental health hazards and opening up new opportunities for youth.	\$20,000-\$300,000	1. No Match Required 2. Requires Letter of Intent as first step	Year Round

City/Department	Name of Grant	Funder	Summary	Fund Amount	Match Requirements	Grant Announcement	Deadline
Community Development	EDA/Economic Development Agency	U.S. Economic Development Administration	The EDA program provides strategic investments that foster job creation and attract private investment to support development in economically distressed areas of the United States. Under this program, EDA solicits applications from both rural and urban areas to provide investments that support construction, non-construction, technical assistance, and revolving loan fund projects under EDA's Public Works and Economic Adjustment Assistance programs. Grants made under these programs are designed to leverage existing regional assets to support the implementation of economic development strategies that advance new ideas and creative approaches to advance economic	Generally, the amount of the EDA grant may not exceed 50 percent of the total cost of the project. Projects may receive up to an additional 30 percent, based on the relative needs of the region in which the project will be located.	The Public Works and Economic Development Facilities program offers grants from \$500,000 to \$2,000,000.	Apply Quarterly; Next Due Dates: 13 June 2013; 14 September 2013; December 2013	Year round
Community Development	Highway Safety Improvement Program and Safe Routes	California Department of Transportation (Cal Trans)	1. HSIP funds are eligible for work on any public road or publicly owned bicycle/pedestrian pathway or trail, or on tribal lands for general use of tribal members, that corrects or improves the safety for its users. 2. It is the intent of the HSIP that federal funds be expended on safety projects that can be designed and constructed expeditiously. Projects should not require the acquisition of significant rights of way (not more than 10% of the construction cost); nor should they require extensive environmental review and mitigation.	The maximum federal reimbursement ratio for all HSIP projects is ninety percent (90%). Applicants will have to match the remaining 10% or greater.	The Public Works and Economic Development Facilities program offers grants from \$500,000 to \$2,000,000.	Available in late April or early May 2013	Late June 2013

City Department	Name of Grant	Funder	Summary	Fund Amount	Match Requirements	Grant Announcement	Deadline
Community Development	Farmers Market Planning and Promotion	U.S. Department of Agriculture	The Farmers Market Promotion Program is designed to assist successful applicants in promoting domestic consumption of agricultural commodities by expanding direct producer-to-consumer marketing opportunities.	The minimum award is \$5,000. The maximum is \$100,000	No Match required	Available in May 2013	Mid to late June 2013
Parks and Recreation	U.S. Soccer Safe Places to Play	U.S. Soccer Foundation	To support projects and programs that focus on using soccer as a youth development tool in economically disadvantaged urban areas	\$15,000 - \$200,000 depending upon grant program chosen; \$15,000 - \$200,000 depending upon grant program chosen: • All Program grants: up to \$50,000 • Synthetic Turf grants: up to \$200,000 • Futsal Surface grants: up to \$65,000 • Lighting grants: up to \$50,000 • Irrigation grants: up to \$15,000 • Planning grants: up to \$8,000	1. No Match required, however, all field grant applicants: must own or have a minimum 10 year land lease/land use agreement for the land where the field is or will be built.	Available in August 2013	Early November 2013



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

A RESOLUTION APPROVING A GENERAL SERVICES AGREEMENT BETWEEN THE CITY OF HUNTINGTON PARK AND THE COUNTY OF LOS ANGELES

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt the Resolution approving a five-year renewal of the General Services Agreement (Agreement) by and between the City of Huntington Park (City) and the County of Los Angeles (County).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current Agreement between the City and the County will expire on June 30, 2013. The Agreement is general in nature and grants authorization for the County to provide services when requested by the City at specific rates. The renewal of the Agreement will extend the term, covering the period from July 1, 2013 to June 30, 2018.

FISCAL IMPACT/FINANCING

Rates will be determined by the County Auditor-Controller in accordance with the policies and procedures established by the County Board of Supervisors. The County Auditor-Controller will adjust the rates annually effective the first day of July of each year to reflect the cost of such service.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Agreement will ensure continued County services and the ability to add or augment services over the five-year renewal period. Services provided under the Agreement are on an "as needed" basis including predatory animal control,

prosecution of City Ordinances, direct assessment collection and a variety of public works services.

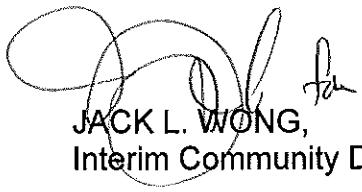
CONCLUSION

Upon approval of the Resolution, the Mayor will be authorized to execute the Agreement on behalf of the City, and staff will transmit the documents to the County for execution by the Los Angeles County Board of Supervisors.

Respectfully submitted,



RENÉ BOBADILLA,
City Manager, P.E.



JACK L. WONG,
Interim Community Development Director

Attachments:

1. Resolution Approving the General Services Agreement 2013-2018
(w/Exhibit "A" [GSA])

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK
APPROVING A GENERAL SERVICES AGREEMENT BY AND BETWEEN
THE CITY OF HUNTINGTON PARK AND THE COUNTY OF LOS ANGELES**

WHEREAS, the existing General Services Agreement ("Agreement"), by and between the City of Huntington Park ("City") and the County of Los Angeles ("County"), which agreement sets forth the basis on which the City may make occasional use of County services, will expire on June 30, 2013; and

WHEREAS, the City wishes to continue the Agreement for an additional five-year period.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK
DOES RESOLVE AS FOLLOWS:

SECTION 1: That certain General Services Agreement by and between the City of Huntington Park and the County of Los Angeles, covering the period from July 1, 2013 through June 30, 2018, a copy of which is attached hereto to as Exhibit "A", is hereby approved. The Mayor is authorized to execute said Agreement on behalf of the City.

SECTION 2: The Acting City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this ____ day of _____, 2013
by the following vote:

Mario Gomez, Mayor

ATTEST:

Rocio Martinez, Acting City Clerk

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9 **EXHIBIT "A"**
10 **GENERAL SERVICES AGREEMENT**
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GENERAL SERVICES AGREEMENT

THIS GENERAL SERVICES AGREEMENT ("Agreement"), dated for purposes of reference only, June 1, 2013, is made by and between the County of Los Angeles, hereinafter referred to as the "County", and the City of Huntington Park, hereinafter referred to as the "City."

RECITALS:

- (a) The City is desirous of contracting with the County for the performance by its appropriate officers and employees of City functions.
- (b) The County is agreeable to performing such services on the terms and conditions hereinafter set forth.
- (c) Such contracts are authorized and provided for by the provisions of Section 56½ of the Charter of the County of Los Angeles and Section 51300, *et seq.*, of the Government Code.

THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. The County agrees, through its officers and employees, to perform those City functions, which are hereinafter provided for.
2. The City shall pay for such services as are provided under this Agreement at rates to be determined by the County Auditor-Controller in accordance with the policies and procedures established by the Board of Supervisors.

These rates shall be readjusted by the County Auditor-Controller annually effective the first day of July of each year to reflect the cost of such service in accordance with the policies and procedures for the determination of such rates as adopted by the Board of Supervisors of County.

3. No County officer or department shall perform for said City any function not coming within the scope of the duties of such officer or department in performing services for the County.

4. No service shall be performed hereunder unless the City shall have available funds previously appropriated to cover the cost thereof.

5. No function or service shall be performed hereunder by any County officer or department unless such function or service shall have been requested in writing by the City on order of the City Council thereof or such officer as it may designate and approved by the Board of Supervisors of the County, or such officer as it may designate, and each such service or function shall be performed at the times and under circumstances which do not interfere with the performance of regular County operations.

6. Whenever the County and City mutually agree as to the necessity for any such County officer or department to maintain administrative headquarters in the City, the City shall furnish at its own cost and expense all necessary office space, furniture, and furnishings, office supplies, janitorial service, telephone, light, water, and other utilities. In all instances where special supplies, stationery, notices, forms and the like must be issued in the name of the City, the same shall be supplied by the City at its expense.

It is expressly understood that in the event a local administrative office is maintained in the City for any such County officer or department, such quarters may be used by the County officer or department in connection with the performance of its duties in territory outside the City and adjacent thereto provided, however, that the performance of such outside duties shall not be at any additional cost to the City.

7. All persons employed in the performance of such services and functions for the City shall be County employees, and no City employee as such shall be taken over by the County, and no person employed hereunder shall have any City pension, civil service, or other status or right.

For the purpose of performing such services and functions, and for the purpose of giving official status to the performance hereof, every County officer and employee engaged in performing any such service or function shall be deemed to be an officer or employee of said City while performing service for the City within the scope of this agreement.

8. The City shall not be called upon to assume any liability for the direct payment of any salary, wages or other compensation to any County personnel performing services hereunder for the City, or any liability other than that provided for in this agreement.

Except as herein otherwise specified, the City shall not be liable for compensation or indemnity to any County employee for injury or sickness arising out of his employment.

9. The parties hereto have executed an Assumption of Liability Agreement approved by the Board of Supervisors on December 27, 1977 and/or a Joint Indemnity Agreement approved by the Board of Supervisors on October 8, 1991. Whichever of these documents the City has signed later in time is currently in effect and hereby made a part of and incorporated into this agreement as set out in full herein. In the event that the Board of Supervisors later approves a revised Joint Indemnity Agreement and the City executes the revised agreement, the subsequent agreement as of its effective date shall supersede the agreement previously in effect between the parties hereto.

10. Each County officer or department performing any service for the City provided for herein shall keep reasonably itemized and in detail work or job records covering the cost of all services performed, including salary, wages and other compensation for labor; supervision and planning, plus overhead, the reasonable rental value of all County-owned machinery and equipment, rental paid for all rented machinery or equipment, together with the cost of an operator thereof when furnished with said machinery or equipment, the cost of all machinery and supplies furnished by the County, reasonable handling charges, and all additional items of expense incidental to the performance of such function or service.

11. All work done hereunder is subject to the limitations of the provisions of Section 23008 of the Government Code, and in accordance therewith, before any work is done or services rendered pursuant hereto, an amount equal to the cost or an amount 10% in excess of the estimated cost must be reserved by the City from its funds to insure payment for work, services or materials provided hereunder.

12. The County shall render to the City at the close of each calendar month an itemized invoice which covers all services performed during said month, and the City shall pay County therefore within thirty (30) days after date of said invoice.

If such payment is not delivered to the County office which is described on said invoice within thirty (30) days after the date of the invoice, the County is entitled to recover interest thereon. Said interest shall be at the rate of seven (7) percent per annum or any portion thereof calculated from the last day of the month in which the services were performed.

13. Notwithstanding the provisions of Government Code Section 907, if such payment is not delivered to the County office which is described on said invoice within

thirty (30) days after the date of the invoice, the County may satisfy such indebtedness, including interest thereon, from any funds of any such City on deposit with the County without giving further notice to said City or County's intention to do so.

14. This Agreement shall become effective on the date herein-above first mentioned and shall run for a period ending June 30, 2018, and at the option of the City Council of the City, with the consent of the Board of Supervisors of County, shall be renewable thereafter for an additional period of not to exceed five (5) years.

15. In the event the City desires to renew this Agreement for said five-year period, the City Council shall not later than the last day of May 2018, notify the Board of Supervisors of County that it wishes to renew the same, whereupon the Board of Supervisors, not later than the last day of June 2018, shall notify the City Council in writing of its willingness to accept such renewal. Otherwise such Agreement shall finally terminate at the end of the aforescribed period.

Notwithstanding the provisions of this paragraph herein-above set forth, the County may terminate this Agreement at any time by giving thirty (30) days' prior written notice to the City. The City may terminate this Agreement as of the first day of July of any year upon thirty (30) days' prior written notice to the County.

16. This Agreement is designed to cover miscellaneous and sundry services which may be supplied by the County of Los Angeles and the various departments thereof. In the event there now exists or there is hereafter adopted a specific contract between the City and the County with respect to specific services, such contract with respect to specific services shall be controlling as to the duties and obligations of the parties anything herein to the contrary notwithstanding, unless such special contract adopts the provisions hereof by reference.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers.

Executed this _____ day of _____ 2013.

The City of Huntington Park

By _____
Mayor

ATTEST:

City Clerk

THE COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Chairman, Board of Supervisors

ATTEST:

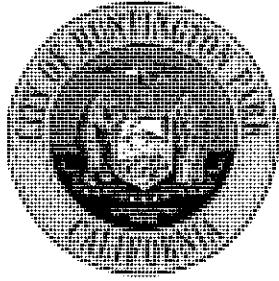
SACHI A. HAMAI
Executive Officer/Clerk
of the Board of Supervisors

By _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
Acting County Counsel

By _____
Deputy



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

RESOLUTION TO ADOPT THE DOWNTOWN HUNTINGTON PARK BUSINESS IMPROVEMENT DISTRICT ANNUAL REPORT OF ACTIVITIES FOR FISCAL YEAR 2011-2012 AND BUDGET RECOMMENDATION FOR FISCAL YEAR 2013-2014.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Adopt the Resolution approving the Annual Report of Activities for Fiscal Year 2011-2012 of the Downtown Huntington Park Business Improvement District which incorporates the District's proposed budget for Fiscal Year 2013-2014.
2. Adopt the recommended Business Improvement District Budget for Fiscal Year 2013-2014.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The attached resolution approves the Annual Report of Activities of the Downtown Huntington Park Business Improvement District (BID) for Fiscal Year (FY) 2011-2012 and the BID's proposed budget for FY 2013-2014, which initiates the process for the annual renewal of the BID assessments. The Annual Report and recommended budget was approved by the BID Advisory Board on April 9, 2013 for submittal to the City Council.

As reported at the April 1, 2013 City Council meeting, the BID Advisory Board has been re-evaluating its purpose, organizational structure, budget, projects and programs. There has been an increasing desire to become a 501(c)(6) non-profit organization and to become more autonomous and independent of City assistance (i.e., staffing, etc.). As part of this discussion, the BID Advisory Board is recommending that the current assessment rates and fees be maintained, pending further review, but that the collection of the assessments for FY 2013-2014 be temporarily suspended until the structure of the "new" BID can be determined. The BID Advisory Board is also recommending that the unexpended

funds from the current fiscal year be rolled-over into the new fiscal year. Accordingly, the proposed programs for the new fiscal year will be developed pursuant to the rolled-over fund balance, projected at \$130,000. The suspension of collecting the assessment will last through the fiscal year but may be terminated earlier contingent upon reorganizational considerations.

Therefore, the recommended budget for Fiscal Year 2013-2014 is comprised only of the projected carry-over from the current fiscal year's budget and there is no projected revenue from the collection of assessments. As part of the annual renewal a Resolution of Intention to Levy Annual Assessment a public hearing will be held on June 3, 2013 to consider the suspended assessment and if approved, the assessment will be temporary suspended starting on July 1, 2013.

FISCAL IMPACT/FINANCING

It is anticipated that there will be a net reduction of revenue to the City's General Fund of up to \$190,000 should the BID stop funding payments to the City for security (\$150,000) and street sweeping (\$40,000).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to California Street and Highway Code Section 36533 the presentation of the Annual Report of Activities and budget recommendations from the BID Advisory Board for the next fiscal year is the first step in the annual renewal of business improvement districts assessments.

A Resolution of Intention to Levy Annual Assessments for FY 2013-2014 will be presented at the May 6, 2013 City Council meeting, and a public hearing will be conducted on June 3, 2013.

CONCLUSION

Upon approval of the Resolution, staff will continue with the next steps of the annual renewal process.


RENÉ BOBADILLA,
City Manager, P.E.


JACK L. WONG,
Interim Community Development Director

Attachments:

- A. Annual Report of Activities for Fiscal Year 2011-2012
- B. Proposed BID Budget for Fiscal Year 2013-2014

RESOLUTION NO. 2013- _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK
APPROVING THE ANNUAL REPORT FOR THE DOWNTOWN HUNTINGTON PARK
BUSINESS IMPROVEMENT DISTRICT

WHEREAS, on June 5, 1995, the City Council of the City of Huntington Park (the "City") adopted Ordinance No. 555-NS establishing the Downtown Huntington Park Business Improvement District ("District") in accordance with the requirements of the Parking and Business Improvements Area Law of 1989 as contained within California Streets and Highways Code Section 36500 *et seq.*, as amended (the "Act"); and

WHEREAS, on July 17, 1995, the City Council adopted Ordinance No. 558-NS modifying the assessments to be levied within the District in accordance with the requirements of the Act; and

WHEREAS, for each fiscal year that assessments are to be levied and collected to pay the costs of the improvements and activities of the District, the District's advisory board shall prepare an Annual Report for approval by the City Council pursuant to California Streets and Highways Code Section 36533; and

WHEREAS, the Annual Report shall address any proposed changes in the boundaries of the parking and business improvement area or in any benefit zones within the area, the improvements and activities to be provided for that fiscal year, an estimate of the cost of providing the improvements and the activities for that fiscal year, the method and basis of levying the assessment, the amount of any surplus or deficit revenues to be carried over from the previous fiscal year, and the amount of any contributions to be made from sources other than assessments levied pursuant to this part; and

WHEREAS, on April 9, 2013, the District's Advisory Board approved an Annual Report in accordance with the requirements of the Act and applicable law and has submitted it to the City Council for approval; and

WHEREAS, the City Council has received and reviewed the District's fiscal year 2012-13 Annual Report, which incorporates the District's budget recommendations for fiscal

year 2013-2014.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HUNTINGTON
PARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1: The recitals set forth above are incorporated herein.

SECTION 2: The City Council hereby approves the Annual Report of Activities for the Business Improvement District and the District's proposed budget, attached hereto as Exhibits A and B respectively and incorporated herein by this reference.

SECTION 3: The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Huntington Park this 15th day of April 2013.

Mario Gomez, Mayor

ATTEST:

Rocio Martinez, Acting City Clerk

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7 EXHIBIT "A"
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DOWNTOWN

HUNTINGTON PARK

BUSINESS IMPROVEMENT DISTRICT

ANNUAL REPORT OF ACTIVITIES 2011-2012

The Downtown Business Improvement District (BID) was established in 1995 by downtown Huntington Park business owners and the City Council, and it comprises of roughly 20 square blocks and over 887 member businesses. The BID works to build a stronger downtown business community and harnesses the collective power of its members to improve downtown and to draw more shoppers to the district.

The BID was located at 2607 Clarendon Avenue in the Downtown Huntington Park area; it was strategically located to provide our merchants accessibility to BID staff. Due to budgetary issues the BID office was closed and the BID office was relocated to City Hall.

Although, the BID continued to face budget hardships in the 2011-2012 Fiscal Year, the BID was able to continue promotions and Downtown improvement initiatives by new collaborations and efforts to do more with less.

The BID Manager has implemented more business outreach by working on effective programs and material that build on communication with the Downtown merchants.

New and existing businesses were visited by the BID Manager and interns to welcome the business to Downtown Huntington Park and to provide a welcome packet. The welcome packet includes a BID tote bag, welcome letter from the BID, BID monthly meeting calendar, special events calendar, business resources, Downtown Strategic Plan and current City programs. Existing businesses were also visited to continue the relationship between the business and the BID. Through the business visitations, we hope to demonstrate our high level of support and commitment to helping businesses grow and prosper in our City. We encourage business owners to use this time to share any thoughts they may have as to how we can improve our services and assist them with their business needs. The BID continues to build relationships with business assistance organizations in efforts to better serve the merchants in the Downtown. The BID works with the SBA, SBDC, CMTC, and LAEDC; organizations that serve as free resources to BID members.

The BID also continues to work with local merchants and business representatives through the BID Advisory Board to implement successful strategies for improving the downtown and to address the concerns and needs of the businesses. The Advisory Board currently consists of 7 members and staff is recruiting for 2 vacant positions.

The BID continues to update the web page to make it more user friendly for merchants and visitors. The webpage provides pertinent information to merchants on activities and new happenings. In addition, merchants are able to provide their store information and promotions to be posted. Potential customers will have an opportunity to view the various businesses and services hosted in our Downtown Huntington Park, as well. The BID also continued to use the Facebook page to stay up to

date with new media and stay communicated with merchants and visitors.

The BID continues to promote the Downtown including sidewalk sales, through advertisements in the following local magazines; Orale USA, Hoy, El Aviso Magazine (five regions), City reader board, cable, City marquee, and through a direct mailer that reaches over 20,000 homes. The BID also takes advantage of advertising in the Vista to promote local shopping and events; the City's free newsletter going out to more than 65,000 residents. Through the advertisements the BID aims to attract new and existing customers to the Downtown.

The BID hosted promotional events year round in effort to assist merchants in the Downtown to increase their sales and foot traffic. A summer concert series held in July and August in which live musical entertainments is provided and small prizes were raffled off to attendees. The BID also hosted a two day Santa's Village event in December in which children met Santa and received small gifts. During the Holiday Season the BID sponsored entertainment utilizing local organizations such as the Huntington Park High School Mariachi and Jazz Band, Nimitz School Band, and the Salvation Army. The BID also contributed \$5,000 towards the Downtown holiday decorations which provide a festive atmosphere for shoppers. In addition, the BID hosts an Annual Mother's Day event in which over 400 mothers received roses and are entertained by live music and dance groups.

On January 6, 2012 the BID held the 15th Annual Dia De Los Reyes Magos Celebration in conjunction with the 4th Annual Children's Fair. The BID presented an outstanding event with only \$15,000 which is half the budget of previous years. The event included a procession by the Three Wise Men leading 3 live camels on Pacific Boulevard. The event included free toys and books for the children, street entertainers, live stage performances starting at 2pm and lasting through the night and local businesses sampled their coffee and sweet bread to the public. A free petting zoo and numerous bouncers were provided to children. The event received a significant increase in radio, television, and publication coverage and more entertainment was provided. Police Department estimates that 12,000 to 14,000 people attended in the event.

The BID continues to maintain the banners that enhance the beautification of our Downtown that were designed in collaboration with representatives from the Chamber of Commerce and the City. Three hundred forty banners were purchased. The banners are double sided; promoting downtown Huntington Park's new marketing logo, "Rediscover Huntington Park". The installation banners extend from Pacific Blvd. to the entire District and City gateways.

In addition, BID staff has coordinated and participated in the following City committees: Downtown Events Policy Committee, Business Recognition Committee, and the Business Development and Retention Committee. All committees intended to focus on attraction of new businesses and the retention of existing ones. Staff's efforts include creating a new business welcome letter and fact sheet on how to do business with the City and working on the planning of future business related workshops and seminars. The BID also continues to work with the Planning Department and Code Enforcement on the Outdoor Use Program which encourages merchants to take advantage of outdoor uses including outdoor dining, outdoor displays, kiosks, and outdoor advertisements.

The BID is assisting in the MTA Call for Projects Grant; a \$3.48 million grant awarded to the City in 2009. The BID is working with other departments in expediting the grant funds.

The Huntington Park Police Department (HPPD) continues to fulfill its agreement with the Business Improvement District (BID) for law enforcement services. HPPD provides high quality police service to Downtown Huntington Park primarily with deployment of bike patrol personnel that operate under

the auspices of the Downtown Enforcement Unit (DEU). The primary purpose and focus of the DEU is to address quality of life, nuisance, and crime issues impacting the BID and to help foster business. Bike patrol personnel are deployed with specific purpose and area responsibility in order to maximize enforcement efforts and effectiveness at combating crime and addressing day-to-day nuisance problems. The DEU operates primarily from the Police Sub-Station located at 6330 Pacific Boulevard Suite 104. This location will continue to allow for bike patrol personnel to conduct day-to-day operations and provide merchants and citizens an easily accessible location to seek police services. Besides the high level of police presence, the Sub-Station serves as an extension of the Police Department. The function of the Sub-Station is supported by all of the resources of the main police station.

In addition to bike patrol personnel, police services are provided Downtown by the normal deployment of Patrol Division and other support services. The DEU operates in a proactive fashion and concentrates its efforts specifically Downtown, with little deviation.

Currently the following personnel are assigned to the DEU; one Lieutenant, one Sergeant, two Police Officers, seven Police Cadets, Parking Enforcement Officers, and one Business Licensing Officer. Bike patrol personnel are deployed in the BID every day of the week, year round, with maximized deployment on weekends, Christmas holiday season, and special events. The normal hours of bike patrol deployment are generally that of retail business hours.

The DEU Lieutenant is the administrator of the unit. All activities and deployment are conducted under his ultimate direction and approval. The Lieutenant serves as the liaison between the BID and the Chief of Police. The main function of the DEU Sergeant is supervision of bike patrol personnel and interaction with the BID board. The Sergeant attends BID meetings and maintains himself informed of issues concerning the BID. The Sergeant directs the performance of bike patrol personnel according to specific needs and current crime trends and assists with planning and coordination of special events Downtown. The Sergeant facilitates all HPPD resources to the BID.

Bike Patrol Officers are responsible for general enforcement and crime suppression in the BID and take enforcement action or make arrests accordingly. It's no secret that one of the most prominent crimes occurring in the Downtown area is the distribution of fraudulent government documents. Daily, Bike Patrol Officers work diligently at suppressing these activities and keeping the problem to a minimum. Bike Patrol Officers conduct preliminary criminal investigations and work closely with the Detective Division to identify and prosecute suspects. Bike Patrol Officers perform countless other miscellaneous duties. Bike Patrol Police Cadets are a valuable asset to the DEU. They are a critical component of the day-to-day deployment. The Cadets are responsible for all "cold reports" or reports with limited suspect information. The Cadets have state powers of arrest, which allows them to issue citations and enforce the Huntington Park Municipal Code. Cadets assist officers with miscellaneous duties and in many ways "free-up" the police officers to concentrate on more important matters. Cadets add to the high level of police visibility throughout the Downtown area, including alleys and public parking lots.

Bike Patrol Parking Enforcement Officers (PEO's) concentrate solely on parking related matters. They issue hundreds of tickets a day and frequently impound vehicles for various parking and registration violations. Their efforts help alleviate the shortage of public parking. The PEO's are highly visible and serve as a deterrent for criminals and also serve as additional "eyes and ears" to the Bike Patrol Officers and Cadets.

Collectively, DEU personnel work diligently to deter crime and maintain the safest environment

possible in the BID. This past year the DEU addressed some crime issues and trends through sophisticated and innovative approaches. Several "sting" and undercover operations were conducted throughout the year to address various crime trends, including but not limited to, robberies, auto theft, auto burglaries, distribution of fraudulent documents, and bandit taxi cabs. Addressing the transient population, subjects loitering, and illegal street vendors remain on the DEU's priority list. During the course of the year, several "smash and grab" robberies took place in Los Angeles and Orange Counties. Businesses in the City of Huntington Park were also targeted by these groups of thieves. Members of the DEU prepared a crime prevention flyer which specifically addressed these crimes and preventative measures that could be taken by the local proprietors. Ultimately, numerous arrests were made for these "smash and grab" robberies, with criminal cases pending.

Lastly, this past year DEU personnel were instrumental in the successful presentation of the annual BID sponsored "Three Kings" event which attracted a few thousand members of the community this year. The DEU also assists with several other events which took place during the course of the year, such as the annual mother's day event, and "a day without a plastic bag" event.

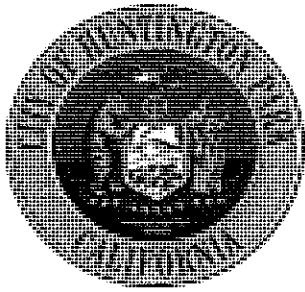
Undoubtedly, the high visibility of Bike Patrol personnel and the proactive reputation they've developed is a deterrent to criminals and a comforting presence to citizens, merchants, and all who visit Downtown. DEU personnel strive to develop positive relations with the public and merchants and are committed to the Huntington Park Police Department motto, "Dedicated to Service."

Through strategic collaborations and efforts, the BID strives to make the Downtown area shopping District a place where merchants can thrive and visitors can have an enjoyable shopping or dining experience. The organization has faced significant budget hardships, but continues to promote the area through advertisements and events and also continue management of safety and beautification initiatives.

EXHIBIT "B"

**DOWNTOWN HUNTINGTON PARK
BUSINESS IMPROVEMENT DISTRICT
FISCAL YEAR 2013-2014 BID BUDGET**

Budget Summary		
Estimated Beginning Fund Balance	\$ 130,000.00	
Estimated FY 2013-2014 Revenues	\$ -	
Estimated Total Funds Available	\$ 130,000.00	
Estimated Total Expenditure	\$ 109,425.00	
Estimated Ending Balance	\$ 20,575.00	
Account Number	Account Name	Budget
533-5020-463.56-54	Other Expenses / Contract Business Promtion	\$ 35,000.00
533-5020-463.56-55	Other Expenses / Contract Service Staffing	\$ 15,000.00
533-5020-463.56-65	Other Expenses / Member Outreach Services	\$ 2,500.00
533-5020-463.59-10	Other Expenses / Training and Seminars	\$ 225.00
533-5020-463.56-67	Other Expenses / Feasibility Studies & Expansion	\$ 5,000.00
533-5020-463.61-20	Supplies / Dept Supplies & Expense	\$ 350.00
533-5020-463.61-25	Supplies / Office Supplies	\$ 1,350.00
533-5020-463.73-10	Capital Outlay /Infustructure Improvements	\$ 50,000.00
Total		\$ 109,425.00



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

AGREEMENT WITH NEIGHBORHOOD HOUSING SERVICES OF LOS ANGELES COUNTY TO PROVIDE HOUSING SERVICES TO THE CITY OF HUNTINGTON PARK

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Authorize the City Manager to enter into a no-cost service agreement for housing services with Neighborhood Housing Services of Los Angeles County.
2. Authorize the City Manager to execute the contract and all related documents

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The City has offered residential rehabilitation and minor home repair programs for over 20 years to the residents of Huntington Park through its Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds. With recent Federal budget cuts, the City will be able to augment and continue offering residential rehabilitation assistance and other homeowner and renter services through Neighborhood Housing Services of Los Angeles County (NHS).

At the March 18, 2013 City Council meeting, NHS provided a description of their organization and services provided to property owners and residents. The attached agreement will authorize NHS to provide housing services to City residents, such as: home rehabilitation and construction services; loan origination and underwriting, program outreach and advocacy, financial literacy, and homebuyer education to Huntington Park property owners and residents.

FISCAL IMPACT/FINANCING

This contractual agreement will not impact the City's General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Since 1984, NHS has reinvested more than \$2.68 billion into neighborhoods throughout Los Angeles County. As part of this work, it has developed and rehabilitated more than 14,708 housing and commercial units, assisted over 2.9 million families on the road to homeownership, created 180 block clubs, and employed 202 neighborhood youth. NHS is the largest, non-profit affordable homeownership provider in Southern California. Some of the cities that NHS have worked with include the cities of: Bell, Downey, Norwalk, Pasadena, Inglewood, Long Beach, Carson, Compton, Lynwood, Paramount, San Gabriel, Rosemead, Pico Rivera, Los Angeles, Pomona, El Monte, and Monrovia.

The services will be at no cost to the City. NHS generates its funding from several sources which include: local and national foundations, individuals, corporations and public sector grants including HUD, and the U.S. Treasury. NHS may impose loan fees and developer fees to help sustain its programs and services. NHS utilizes their funding to assist communities within the County of Los Angeles.

NHS provides 0% up to 4% interest rehabilitation loans to low and moderate income homeowners for general repair of their homes through their "Don't Move...Improve!" program. Eligible improvements include the repair of bathrooms, electrical, flooring, heating, painting plumbing, and roofing. In addition, NHS provide first time home buyer down payment and loan assistance for income qualified residents that are within the 80% to 120% of the area median income.

CONTRACTING PROCESS

The service from NHS is at no cost to the City but an agreement to provide housing services to the City is required.

IMPACT ON CURRENT SERVICES

The City currently has a waiting list of over 40 families applying for a housing rehabilitation loan. NHS will utilize the list to provide our residents with housing services using their funding sources and staffing. To assure that the program is a success and to facilitate the process, the City will provide temporary office space for a NHS representative to interview applicants and to operate the program.

Agreement with Neighborhood Housing Services (NHS)

April 15, 2013

Page 3 of 3

CONCLUSION

Staff will meet with NHS to initiate their program of housing services and outreach to our community.

Respectfully submitted,



RENÉ BOBADILLA
City Manager, P.E.


Jack L. Wong

Interim Community Development Director

Attachment:

1. Agreement

CITY OF HUNTINGTON PARK
SERVICES AGREEMENT

This Agreement ("Agreement") is by and between the CITY OF HUNTINGTON PARK, a municipal organization organized under the laws of the State of California ("City"), and NEIGHBORHOOD HOUSING SERVICES OF LOS ANGELES COUNTY, a California non-profit public benefit corporation ("NHS") NHS at all times shall remain as to the City a wholly independent contractor. The City and NHS mutually agree as follows:

Section 1: NHS agrees to provide the residents of the City the services as outlined in the Proposal attached hereto as Exhibit A ("Services"). The Services provided shall be as indicated in the Proposal. NHS agrees to furnish all materials, labor and incidentals to provide the Services.

Section 2: City agrees to make available to NHS, at no cost to NHS, office space at City Hall during the City's regular business hours.

Section 3: City and NHS may, by written notice, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to NHS of such termination, and specifying the effective date thereof, at least two (10) days before the effective date of such termination. Upon termination, NHS shall vacate the office space provided by the City pursuant to Section 2 above.

Section 5: NHS agrees to protect, indemnify, defend and hold harmless City and all of its officers, agents and employees from any lawsuits, claims, demands or causes of action, including related expenses, attorney's fees, and costs, based on, arising out of, or in any way related to the Services provided City by NHS hereunder. NHS warrants that the Services are suitable for the City's intended use of the Services. NHS shall provide evidence of commercial general liability insurance coverage for the performance of its obligations under this Agreement in a form and type acceptable to City in the coverage amount of \$1,000,000.

Section 6: NHS represents that it has the requisite skill and experience to provide the Services and holds the appropriate required licenses, if any, to provide said Services. NHS shall comply with all applicable legal requirements pertaining to the provision of the Services required hereunder, including but not limited to any legal requirements pertaining to labor or employment.

Section 7: The Agreement shall be governed and interpreted by the laws of the State of California. Any litigation concerning this Agreement shall take place in the state or federal courts located in Los Angeles, California.

Section 8: If any provision of this Agreement is found to be invalid or unenforceable, the remainder of the Agreement shall remain valid and enforceable.

Section 9: NHS affirms that the signature(s) hereto is/are sufficient to bind NHS to this Agreement. The Agreement may be signed in counterparts.

Section 10: Term. The term of this agreement shall commence on April, 16th 2013 and terminate on October 16th, 2013 (initial term). This agreement may be extended upon mutual agreement by both parties (extended term). Unless earlier terminated in accordance with Section 3 of this Agreement, this Agreement shall continue in full force and effect until completion of the services, except as otherwise provided in the Schedule of Performance.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Agreement to be executed this _____ day of _____, 2013.

CITY:

CITY OF HUNTINGTON PARK

CONSULTANT:

**NEIGHBORHOOD HOUSING
SERVICES OF LOS ANGELES
COUNTY:**

By: _____ By: _____

René Bobadilla City Manager,
City of Huntington Park

Name: Lori R. Gay

Title: President & Chief Executive
Officer

ATTEST:

By: _____

Name: _____

By: _____ Title: _____

Rocio Martinez, Acting City Clerk,
City of Huntington Park

APPROVED AS TO FORM

By: _____

City Attorney, City of Huntington Park

Exhibit "A"
Proposal

Neighborhood Housing Services of Los Angeles County ("NHS") shall provide the following services to the residents of the City of Huntington Park (the "City"):

I. Financial Education

NHS provides potential homebuyers the tools they need to succeed and make their dreams of lifelong homeownership come true.

NHS's NeighborWorks® Homeownership Centers will provide comprehensive financial education from budgeting and saving, credit repair and homebuying classes to foreclosure prevention counselling clinics.

- HOPE Homebuyer Workshops. NHS hosts HOPE Homebuyer Workshops (English and Spanish) for potential homebuyers. As part of the workshop, potential homebuyers will participate in a free homebuyer orientation as well as a preliminary pre-qualification analysis.
- FasTrak Homebuyer Education Classes are designed for potential homebuyers. Successful completion of this eight (8) hour program (English and Spanish) allows the buyer to receive a certificate which ensures access to additional affordable mortgage lending services in addition to down payment assistance programs.
- Foreclosure Prevention Clinics are free and offer one-on-one counselling (English and Spanish) which focuses on preparing the homeowner to negotiate with their lender and develop an action plan to avoid foreclosure.

II. Affordable Mortgage Lending

Families interested in purchasing their home can work with an NHS Lending Counselor to find the right affordable loan. As a Community Development Financial Institution (CDFI), NHS finances income-qualified borrowers through NHS's revolving loan fund. NHS's Lending Counselors work directly with lenders to offer affordable loan products as well as assistance with down payment and closing costs for new homebuyers.

For existing homeowners, NHS provides home improvement loans through NHS's Don't Move-Improve! program as well as refinancing assistance.

NHS also provides personalized counseling to help prevent defaults and foreclosures.

III. Construction Services and Management

1. Construction Management Services. NHS's Construction Team serves as technical advisors for both the homeowner and contractor. NHS works to help projects finish on time and within budget. NHS can assist you with
 - Managing the Bid Process
 - Selecting the Contractor
 - Project Oversight
 - Conflict Resolution Services
2. Home Inspections. NHS's Construction Team is certified to conduct comprehensive home inspections to help potential buyers with their pre-purchase inspection and homeowners who may have been cited by the City are in need of home repair assistance.
3. Home Safety Awareness. NHS's Construction Specialists can inspect homes and advise homeowners of necessary repairs that will ultimately increase property values and help make their homes healthy and safe.
4. Lead Abatement & Code Compliance. NHS is certified as Lead Abatement Supervisors and has extensive experience in helping to make homes environmentally safe and compliant with local building codes.
5. Don't Move-Improve! For existing homeowners, NHS provides home improvement loans through NHS's Don't Move-Improve! program as well as refinancing assistance.

IV. Mission Driven Real Estate Services

NHS is committed to serving the best interests of the new homebuyer. NHS focuses on education; specifically teaching homebuyers all there is to know about homeownership. NHS wants potential homebuyers to fully understand what it takes to:

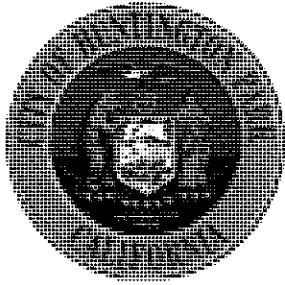
- Help create communities of choice
- Preserve affordable housing
- Stabilize communities
- Revitalize communities

NHS helps low to moderate income families find the best house at a mortgage payment they can afford. As part of the Homeownership Education process, homebuyers learn how acquire and sustain one of the most important investments they will ever make - their home.

- Real Estate Purchase, Brokering and Client Representation
- Acquisition, Rehab and Resale of Property
- Lease to Purchase
- Property Management
- Commercial Development
- Short sales
- Homes for Sale

V. Neighborhood Revitalization and Advocacy

Empowering Residents. One of the ways homeowners can help to stabilize neighborhoods is working with residents to remain involved in their community. The *Building Leadership by Organizing Communities (BLOC)* Program enables NHS to connect residents with business, government and social services, and most importantly, empower them and their families with the tools to strengthen their neighborhoods.



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

AFFORDABLE HOUSING AGREEMENT BETWEEN THE CITY OF HUNTINGTON PARK AND HUNTINGTON PARK 607, LP FOR \$1.9 MILLION LOAN TO FUND ACQUISITIONS AND REHABILITATION COSTS TO THE HUNTINGTON PLAZA SENIOR APARTMENTS (RUGBY PLAZA SENIOR HOUSING) PROJECT

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve 55-year Affordable Housing Agreement with Huntington Park 607, LP at the Huntington Plaza Senior Apartments (former Rugby Plaza Senior Housing) Project
2. Authorize the City Manager to enter into a HOME Tenant Based Rental Assistance Agreement to subsidize tenant rents during the rehabilitation period
3. Authorize the City Manager to modify the HOME Agreement and execute all related and necessary financing documents.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On February 19, 2013, the City Council approved the sale of the Parking Garage (easement) for \$4,881,852 to City Housing – Rugby Associates, LP ("Current Project Owner"). A portion of the sole proceeds will be used to lend \$1,900,000 to Huntington Park 607, LP ("New Project Owner") for acquisitions and rehabilitation costs at the Huntington Plaza Senior Apartments (the "Project").

The City will provide a Quitclaim Deed and transfer all interests in the parking structure to the New Project Owner and the new Project Owner will provide the City a perpetual easement for the use and maintenance of the 130 public parking spaces on the first

floor. The City will indemnify the New Project Owner related to the City's use of the first floor parking.

On March 18, 2013 the City Council authorized staff to negotiate an affordable housing agreement that will outline the City's terms and condition for the \$1,900,000 million loan, in exchange, the City will retain a subordinated security interest in the Project.

This transaction will require several documents to be executed to close the sale and execute the loan. Documents include but not limited to:

- Affordable Housing Agreement,
- Deed of Trust,
- Promissory Note,
- Purchase and Sale Agreement and
- Escrow instruction,
- Parking easement agreement,
- Quickclaim Deed,
- Subordination agreements
- HOME Regulatory Agreements
- Other related documents to close escrow.

As part of this transaction the City will modify the original HOME agreement and HOME regulatory agreement to include all the necessary language required by Department of Housing and Urban Development (HUD). This refinancing provides a good opportunity to update the agreement with all the required language with the Current Project Owner. The New Project Owner will assume all the requirements as part of this transaction, which will remain in place until January 2016.

FISCAL IMPACT/FINANCING

From the sale of the parking structure for \$4,881,852, the proceeds will be used as follows:

1. \$668,000 to repay the existing HUD 108 Loan for the Project.
2. \$1,900,000 loan to finance the rehabilitation costs for the Project
3. \$2,313,852 distributed to the City General Fund

The proposed terms of the \$1.9 million loan are outlined below:

- 3.0% annual (simple) interest
- 55 year final maturity

Rugby Senior Housing Project

April 15, 2013

Page 3 of 4

- Deferred principle and interest payments, due the earlier of maturity (55 years), or the sale / refinance of the Project subject to available funds.
- Subordinate to construction and permanent financing.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Project is located at 6330 Rugby Avenue and is an age-restricted low-income rental facility comprised of 147 one-bedroom units and 37 two-bedroom units. All of the units are income-restricted to 50% or 60% of the annual Area Median Income (AMI). The Project includes a two-level parking structure owned by the City, as well as 11,900 square feet of commercial space (located on the second level of the parking structure) that is currently sublet to AltaMed for its Adult Day Care facility.

The Project was built in 1995, through the combination of low-income housing tax credits, multifamily housing tax-exempt bonds, and HUD Section 108 Loan Guarantee and HOME funds, provided by the City.

The Parking Garage Lease has a predetermined purchase price of \$5.8 million at the end of the 20-year lease (2017). The lease also provides a schedule that calculates the amount due, if purchased prior to the end of the lease. This option is being exercised at year 16, for a pre-determined purchase price of \$4,881,852 will be payable to the City.

The total cost for acquisition, rehabilitation, and construction by the New Project Owner is \$19.8 million. Project funding will be obtained from multiple sources, including: tax-exempt bonds, low-income tax credits, a City loan, and project income. New affordable housing covenants and restrictions will be imposed on the project for a period of 55 years. The City remaining HOME affordability restrictions will remain in place until it expires in 2016.

CONCLUSION

Escrow is scheduled to close on April 23, 2013, all the documents have been reviewed by all parties including equity lenders, developer and the City. The documents are currently in substantial final form.

Rugby Senior Housing Project

April 15, 2013

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Respectfully submitted,



RENÉ BOBADILLA
City Manager, P.E.



JULIO F. MORALES
Director of Finance

Attachments:

- A. Affordable Housing Agreement
- B. Deed of Trust
- C. Promissory Note
- D. HOME Agreement and Regulatory Agreement

ATTACHMENT A

AFFORDABLE HOUSING AGREEMENT

AFFORDABLE HOUSING AGREEMENT

by and between

CITY OF HUNTINGTON PARK

and

HUNTINGTON PARK 607, L.P.

(HUNTINGTON PLAZA APARTMENTS)

AFFORDABLE HOUSING AGREEMENT (Huntington Plaza Apartments)

This AFFORDABLE HOUSING AGREEMENT (“Agreement”) is entered into as of April 1, 2013 by and between the CITY OF HUNTINGTON PARK, a California municipal corporation (“City”), and Huntington Park 607, L.P., a California limited partnership (“Developer”).

RECITALS

A. Developer desires to purchase, rehabilitate and operate a parcel of real property and improvements located at 6330 Rugby Avenue in the City (“Property”), as more particularly described in the Legal Description attached hereto as Attachment No. 1, and incorporated herein by reference. The Property is improved with a 184-unit affordable, age-restricted apartment building, two-level parking structure, an approximately 11,900 square feet of commercial/community facility space (located on the second level of the parking structure) and related facilities. The City has a perpetual easement over the first floor of the parking structure and the Developer shall not be responsible for the maintenance, upkeep and/or operation thereof.

B. By this Agreement, and subject to the terms and conditions herein, City desires to provide financial assistance to Developer in the form of a loan of its General Funds in the amount of One Million Nine Hundred Thousand Dollars (\$1,900,000) in order to assist Developer to acquire and rehabilitate the Property as a long-term affordable housing project for persons and families of very low and low income at an Affordable Rent throughout the entire Affordability Period, as set forth in more detail in this Agreement (“Project”).

C. Developer has obtained a reservation of federal 4% low income housing tax credits (“Tax Credits”) from the California Tax Credit Allocation Committee (“TCAC”) which shall be used to partially finance the acquisition and rehabilitation of the Project.

D. California Statewide Communities Development Authority (“CSCDA”) has obtained an allocation of private activity bond cap from the California Debt Limit Allocation Committee (“CDLAC”) for the Project which shall allow CSCDA to issue tax exempt private activity bonds (“Bonds”) to partially finance the acquisition and rehabilitation of the Project.

E. City has determined that the Project is categorically exempt from the provisions of the California Environmental Quality Act, Public Resources Code Section 21000, et seq. (“CEQA”), pursuant to the Guidelines for Implementation of the California Environmental Quality Act set forth at Title 14 California Code of Regulations Section 15000, et seq. (“CEQA Guidelines”); specifically, the Project consists of City’s acquisition of affordable housing covenants, an interest in the Housing Units, in implementation of the City’s adopted Housing Assistance Plan, pursuant to Section 15326 of the CEQA Guidelines.

F. Initially capitalized terms used in these Recitals are defined in these Recitals and in Section 101, below.

G. The Project is in the vital and best interest of the City and the health, safety and welfare of the residents of the City, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

100. DEFINITIONS AND GENERAL TERMS.

101. Defined Terms. As used in this Agreement (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

“Affiliate” shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer which, shall include each of the constituent partners or members, respectively thereof. The term “control” as used in this immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, of at least 50% of the voting rights attributable to the shares of the controlled corporation and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

“Affordability Period” shall mean the duration of the affordable housing requirements that are required by this Agreement and set forth in the Regulatory Agreement. The Affordability Period shall be fifty-five (55) years from the date the Release of Construction Covenants is issued by City and recorded against the Property indicating construction work is completed, and the Project is ready for occupancy.

“Affordable Rent” or “Affordable Housing Cost” shall mean the maximum amount of monthly Rent (not including any Section 8 subsidy received for the Project) to be charged by Developer and paid by the 50% AMI Very Low Income Households and 60% AMI Low Income Households occupying the Housing Units at the Project, which shall be determined and calculated in accordance with Section 1004.1.

“Agreement” shall mean this Affordable Housing Agreement.

“AMI” and “Area Median Income” shall mean the area median income for Los Angeles County, California, as published annually by TCAC.

“Annual Financial Statement” shall mean the certified financial statement of Developer for the Project using generally accepted accounting principles, as separately accounted for this Project, prepared annually and provided to City at Developer’s expense, by an independent certified public accountant reasonably acceptable to City, commencing in the year after the year in which the Release of Construction Covenants is issued.

“Applicable Federal Rate” shall mean the interest rate set by the United States Treasury from time to time pursuant to Section 1288(b) of the Internal Revenue Code. The Applicable Federal Rate is published by the Internal Revenue Service in monthly revenue rulings.

“Application” shall mean the Developer’s application to TCAC for the reservation of Tax Credits.

“Tax Exempt Loan” shall mean the construction and permanent period loan from the proceeds of the issuance of the Bonds to Developer in the approximate amount of \$10,500,000. The Tax Exempt Loan shall be secured by a first priority deed of trust recorded against the Project.

“Building Permit” or **“Building Permits”** shall mean each and all of the building permits) issued by the City and required to commence construction of the Rehabilitation and includes any permit or other approval required by any other public agency with jurisdiction over the Property.

“Business Day” shall mean any day that Huntington Park City Hall is open for business. As of the date of this Agreement, City Hall is closed Friday through Sunday, and on all State and Federal holidays.

“Capital Replacement Reserve” shall mean a separate reserve fund account to be established and maintained by Developer not later than conversion of the Tax Exempt Loan to the permanent phase equal to not less than Three Hundred Dollars (\$300) per year for each Housing Unit in the Project (i.e., one hundred eighty-four (184) units in the Project times \$300 equals Fifty-five Thousand Two Hundred Dollars (\$55,200) per year for the Project), to be used as the primary resource to fund capital improvements, and replacement improvements. The amount of \$300 for each Housing Unit that is set aside by Developer (or its Property Manager) shall be allocated from the gross rents received from the Property and deposited into a separate interest-bearing account held by the Senior Lender for capital repairs and replacements to the improvements, fixtures and equipment at the Property that are normally capitalized under generally accepted accounting principles, including, without limitation, the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, and faucets; air conditioning and heating replacement; asphalt repair, replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Property and all common areas and common improvements in the manner prescribed herein.

“Capitalized Operating Reserve” shall mean the capitalized operating reserve for the Project, which shall be funded by Tax Credit equity and/or proceeds of the Tax Exempt Loan in the Target Amount, or by other available sources, as provided in Section 1013.

“Certification of Continuing Program Compliance” shall mean the form of annual certification of the affordable housing requirements for operation of the Project, substantially in the form of Attachment No. 12 attached hereto and fully incorporated by this reference.

“Citibank” shall mean Citibank, N.A., a national banking association.

“City” shall mean the City of Huntington Park, a California municipal corporation.

“City Council” shall mean the City Council of the City of Huntington Park.

“City Loan” shall mean the financial assistance provided by City with respect to the Project and Property, as more particularly provided in Section 201.

“City Loan Deed of Trust” shall mean a deed of trust securing the City Loan Note and other obligations of Developer hereunder substantially in the form of Attachment No. 4, attached hereto and fully incorporated herein by this reference.

“City Loan Note” shall mean the promissory note, substantially in the form of Attachment No. 3 attached hereto and fully incorporated herein by this reference, which evidences the City Loan.

“City Manager” shall mean the City Manager of the City of Huntington Park and his authorized designee(s). Whenever the consent, approval or other action of the “City Manager” is required herein such consent may be provided by the City Manager or his authorized designee(s), or the City Manager may submit to the City Council for action to approve or disapprove such request.

“City Title Policy” shall have the meaning set forth in Section 401.7 and shall be a lender’s policy of title insurance insuring the full amount of the City Loan.

“Closing” means the close of Escrow and recordation of the Deed of Trust and Regulatory Agreement in the Official Records of Los Angeles County, California.

“Conditions Precedent” shall mean the conditions precedent to the disbursement of any portion of the City Loan and commencement of the Rehabilitation, as set forth in Sections 401, et seq., through 403, et seq.

“Construction Contract” shall mean the contract entered into by and between Contractor and Developer for the Rehabilitation and itemized with all Costs of Rehabilitation.

“Contractor” shall mean the general contractor for the Project, duly licensed in the State of California and insured as required herein, performing the construction work for the Rehabilitation or any other Improvements that comprise the Project.

“Costs of Rehabilitation” shall mean all reasonable costs and expenses to complete the approved described in this Agreement and set forth in a fully itemized budget in an approved Construction Contract (or pursuant to change orders approved in accordance with the approved Construction Contract) and in accordance with property standards for Rehabilitation inclusive

of the City's rehabilitation standards, which include requirements of applicable state and local codes for such work that are actually incurred by Developer for the Rehabilitation of Property pursuant to this Agreement. The Costs of Rehabilitation shall include, without limitation, the following: environmental assessment, testing, and remediation, if any, of the land/soils and existing improvements (such as asbestos, mold, etc.); construction cost; construction and design fees; architectural and engineering costs and fees (if any); construction financing interest, fees, and "points"; property taxes and assessments; security services; off-site Improvements (if any); Building Permits; utilities fees; insurance; legal and accounting fees; title and title insurance; Escrow fees and closing costs; performance, labor and materials bonds; fees for letter(s) of credit; appraisals; and such other costs, fees and expenses, as agreed to in writing by City Manager; provided, however, that payment to parties related to Developer for Costs of Rehabilitation shall not exceed reasonable and customary market rates, as reasonably determined by City Manager.

"County" shall mean the County of Los Angeles, California.

"CPI" means United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Urban Wage Earners and Clerical Workers, Subgroup "All Items," for the Los Angeles-Riverside-Los Angeles County area, 1982-84 = 100, or successor or equivalent index in case such index is no longer published.

"Date of Agreement" shall mean the date set forth in the introductory paragraph of this Agreement.

"Default" or **"Event of Default"** means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 1300, et seq. hereof.

"Developer" shall mean Huntington Park 607, L.P., a California limited partnership, and its permitted successors and assignees.

"Developer Fee" shall mean a fee in a cumulative amount not to exceed the limitations imposed thereon by TCAC, to be paid by the Developer in connection with certain development services provided to the Developer as set forth in the Final Budget and approved as a part of the evidence of financing pursuant to Section 206 herein. Any portion of the Developer Fee for the Project in excess of: (i) Two Million Two Hundred Twenty-Nine Thousand Six Hundred and Forty-Nine Dollars (\$2,229,649) or (ii) the amount eligible to be included in basis pursuant to the Tax Credit Rules, whichever is lower, constitutes an "Excess Developer Fee" (as defined below) and must be deferred until rehabilitation of the Project has been completed and is only eligible to be paid from Developer's share of Refinancing Net Proceeds and Transfer Net Proceeds.

"Escrow" shall mean the escrow established for the sale of the Property by the current private owner to Developer.

"Escrow Holder" shall mean the holder of the Escrow.

“Final Budget” means the final budget for the Rehabilitation of the Project, including all hard and soft costs therefor, as approved by City pursuant to Section 401.3.

“Force Majeure” means one or more of the events described in Section 1304.

“Governmental Requirements” means all laws, ordinances, statutes, codes, rules, regulations, orders, and decrees of the United States, the state, the County, the City, or any other political subdivision in which the Property are located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over Developer or the Project.

“Housing Unit” or **“Housing Units”** means the one hundred and eighty-four (184) individual apartment units at the Property to be acquired, rehabilitated, leased, managed, and operated by Developer as long term affordable housing and in implementation of the Project.

“HUD” shall mean the United States Department of Housing and Urban Development.

“Huntington Park 607, L.P.” shall mean Huntington Park 607, L.P., a California limited partnership (“Developer”) comprised of USA Huntington Park 607, Inc., Oldtimers Housing Development LLC, and Riverside Charitable Corporation as general partners and the Tax Credit Investor as limited partner(s).

“Improvements” means all improvements pertaining to the realty, fixtures, works of improvement now existing or hereafter comprising any portion of the Property and all work of Rehabilitation, new construction, or other revitalization to the existing improvements at the Property, including, without limitation, buildings; landscaping, trees and plant materials; and offsite improvements, including, without limitation, streets, curbs, storm drains, and adjacent street lighting, which will be caused to be undertaken by Developer in completion of the Project pursuant to this Agreement and all other Project Documents.

“Indemnitees” means City and its elected officials, officers, employees, attorneys, contractors, elective and appointive boards and commissions, representatives, agents, and volunteers.

“Legal Description” shall mean the legal description of the Property set forth as Attachment No. 1, which is attached hereto and fully incorporated herein by this reference.

“Memorandum of Agreement” shall mean Attachment No. 7 attached hereto and fully incorporated by this reference and shall include notice of this Agreement and the obligations of Developer to acquire the Property, complete the Rehabilitation, and operate the Project pursuant to the terms of this Agreement.

“Outside Completion Date” shall mean December 31, 2014.

“Parties” shall mean City and Developer.

“Partnership Agreement” means the agreement which sets forth the terms of Developer’s limited partnership, as such agreement may be amended from time to time.

“Project” shall mean the Huntington Plaza Apartments at Huntington Park project, at 6330 Rugby Avenue and is an age-restricted low-income rental facility comprised of 147 one-bedroom units and 37 two-bedroom units. All of the units are income-restricted to 50% or 60% of the annual Area Median Income (AMI), in accordance with this Agreement and the Regulatory Agreement. The Project includes a two-level parking structure, as well as 11,900 square feet of commercial/community facility space (located on the second level of the parking structure) that is currently sublet to AltaMed for its Adult Day Care facility. The City has a perpetual easement over the first floor of the parking structure and the Developer shall not be responsible for the rehabilitation, maintenance, upkeep and/or operation thereof except pursuant to the specific terms of the said easement.

“Project Completion” means that all necessary title transfer requirements and rehabilitation work have been performed.

“Project Documents” shall mean the following documents evidencing the City Loan and required as consideration for City to make the City Loan: (i) this Agreement, (ii) the City Loan Note; (iii) the City Loan Deed of Trust; (iv) the Memorandum of Agreement; (v) the Regulatory Agreement; (vi) the Request for Notice of Default; and (vii) any other agreement, document, or instrument that City may reasonably require Developer to execute in connection with the execution of this Agreement or the provision of the City Loan to Developer or otherwise, from time to time, to effectuate the purposes of and to implement this Agreement.

“Property” shall mean that certain parcel of real property located at 6330 Rugby Avenue in the City, improved with a 184-unit age-restricted low-income rental facility, as more fully and legally described in the Legal Description attached hereto as Attachment No. 1 and incorporated herein; all appurtenances, rights and privileges now or hereafter related thereto or arising therefrom; all improvements now or hereafter located thereon.

“Purchase Agreement” means the Purchase and Sale Agreement and Escrow Instructions between the Developer and City Housing – Rugby Associates, LP which provides for a Property purchase price of \$4,881,852, which agreement was dated as of [[March 1, 2013]].

“Refinancing Net Proceeds” shall mean the proceeds of any approved refinancing of any of the approved financing secured by the Property, net of (i) the amount of the financing which is satisfied out of such proceeds; (ii) reasonable and customary costs and expenses incurred in connection with the refinancing; (iii) the balance of loans to the Project made by the partners of Developer for development or operating deficits, amounts expended to maintain compliance with the Tax Credit Regulatory Agreement, or contributions for capital expenditures in excess of available Project revenues, if any, including interest at the Applicable Federal Rate (as approved by City); (iv) payment of unpaid Tax Credit adjustment amounts or reimbursement of Tax Credit adjustment amounts paid by the general partners and/or the guarantors of the Project pursuant to the approved Partnership Agreement; (v) the payment to Huntington Park 607, L.P. or its partners or their respective Affiliates of a refinancing fee, as set forth in the Partnership Agreement, which fee is and shall be subject to the approval of the City Manager at the time of each refinancing and which may be at least three percent (3%) of the approved refinancing and shall not exceed six percent (6%) of the amount of the approved refinancing; (vi) any unpaid Operating Expenses; (vii) the amount of proceeds required to be reserved for the

repair, rehabilitation, reconstruction or refurbishment of the Project; and (viii) the payment of any unpaid Partnership Related Fees/Expenses.

“Regulatory Agreement” shall mean the Regulatory Agreement that is to be recorded as an encumbrance to the Project, in accordance with this Agreement. The Regulatory Agreement includes conditions, covenants, and restrictions relating to the long term use, operation, management, and occupancy of the Property, touches and concerns the land that comprises the Property, and is intended to run with the land for the entire term of the Affordability Period provided therein. The Regulatory Agreement is attached hereto as Attachment No. 11 and fully incorporated by this Reference.

“Rehabilitation” shall mean the entire work of rehabilitation, repair, construction, and improvement to the Property which is required pursuant to this Agreement, including as set forth in the Rehabilitation Plans, Attachment No. 5 such that at completion all units at a minimum, pass an inspection that addresses all of the inspectable items.

“Rehabilitation Plans” shall mean the scope of work for the Rehabilitation of the Property attached hereto and fully incorporated herein as Attachment No. 5, as such Rehabilitation Plans may be updated and/or modified in accordance with the terms of this Agreement.

“Release of Construction Covenants” shall mean Attachment No. 6 attached hereto and fully incorporated herein by this reference.

“Rent” shall mean the total of monthly payments by the tenants of a Housing Unit for use and occupancy for the Housing Unit and facilities associated therewith, including a reasonable allowance for utilities for an adequate level of service as defined in Title 25 California Code of Regulations §6918 or utility allowance for the project based on the type of utilities used at the project.

“Request for Notice of Default” shall mean a request for notice of default to be recorded against the Property in connection with the Escrow, substantially in the form of Attachment No. 8, attached hereto and fully incorporated by this reference.

“Reserve Deposits” shall mean any payments to the Capital Replacement Reserve and/or the Capitalized Operating Reserve accounts as required hereunder.

“Senior Lender” shall mean Citibank, as lender of the funding loan the proceeds of which were used to provide the Tax-Exempt Loan.

“Schedule of Performance” means that certain Schedule of Performance attached hereto as Attachment No. 2 and incorporated herein by this reference, which generally sets forth the time for performing the various obligations of this Agreement.

It is understood the Schedule of Performance is subject to all of the terms and conditions set forth in the Agreement. The summary of the items of performance set forth in the Schedule of Performance is not intended to supersede or modify the more complete description in the text

of the Agreement; in the event of any inconsistency between the Schedule of Performance and the text of the Agreement, the text shall govern.

The time periods set forth in the Schedule of Performance for City approval of submittals, including without limitation any plans and drawings, submitted to City by Developer shall only apply and commence upon Developer's complete submittal of all the required information. In no event shall an incomplete submittal by Developer trigger any of City Manager's obligations of review and/or approval hereunder; provided, however, that the City Manager shall notify Developer of an incomplete submittal as soon as is practicable.

“Seller” shall mean City Housing – Rugby Associates, a California Limited Partnership, the current owner of the Property and seller to Developer.

“**Target Amount**” is defined in Section 1213.

“**Tax Credit Equity**” is defined in Section 205.1(a).

“Tax Credit Investor” means the limited partner(s) of Developer, which limited partner(s) are making capital contribution to the Developer in anticipation of receiving certain tax benefits, including, without limitation, Tax Credits generated by the Project.

“Tax Credit Rules” means the provisions of Section 42 of the Internal Revenue Code of 1986, as the foregoing may be amended from time to time, and the rules and regulations implementing the foregoing.

“Tax Credit Regulatory Agreement” shall mean the regulatory agreement that may be required to be recorded against the Property with respect to the Project's allocation of Tax Credits.

“Tax Credits” shall mean federal 4% low income housing tax credits granted pursuant to Section 42 of the Internal Revenue Code.

“Tax-Exempt Loan” shall mean the construction and permanent period loan from CSCDA to Developer in the approximate amount of \$10,500,000 funded with the proceeds of the funding loan made by Citibank to CSCDA. The Tax-Exempt Loan shall be secured by a first priority deed of trust recorded against the Project and assigned to Citibank.

“TCAC” means the California Tax Credit Allocation Committee, the allocating agency for Tax Credits in California.

“Title Company” means First American Title Insurance Company or another title insurer mutually acceptable to City and Developer. The named Title Company shall in no event be changed by either party without first obtaining the express written consent of the other party. If either party changes the Title Company and any third party expenses are incurred due to such change, for example additional review and clearance of title exceptions, then the party who changed the Title Company shall be fully indebted to the other party for any and all out of pocket expenses incurred due to such change in Title Company.

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

“Transfer” shall mean, if at any time in the event that the Property or any part thereof or interest therein or direct or indirect interest in Developer shall be sold, conveyed, disposed of, alienated, hypothecated, leased (except to occupants under space leases), assigned, pledged, mortgaged, further encumbered (except for the Tax Exempt Loan) or otherwise transferred or Developer shall be divested of its title to the Property or any interest therein, in any manner or way, whether voluntarily or involuntarily, by operation of law or otherwise but other than in connection with an Approved Transfer.

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

“50% AMI Very Low Income Households” shall mean those households earning not greater than fifty percent (50%) of Los Angeles County Area Median Income, adjusted for household size, which is set forth by regulation of TCAC.

“60% AMI Low Income Households” shall mean those households earning not greater than sixty percent (60%) of Los Angeles County Area Median Income, adjusted for household size, which is set forth by regulation of TCAC.

200. FINANCING.

201. City Loan. The City hereby agrees to loan to Developer and Developer hereby agrees to borrow from City an amount not to exceed One Million Nine Hundred Thousand Dollars (\$1,900,000) (“City Loan”), subject to the terms and conditions set forth in this Agreement, and subject further to the terms and conditions set forth within the Project Documents, including the “City Loan Note,” the “City Loan Deed of Trust,” and the “Regulatory Agreement.” In no event shall City be obligated to use any source of funding other than City General Funds to make the City Loan to Developer. The City Loan shall be evidenced by the City Loan Note and secured by the City Loan Deed of Trust, which shall be recorded against the Property in the Official Records of the County.

201.1 Terms of City Loan. The City Loan Note shall be for a term commencing upon the date of initial disbursement of funds thereunder and continuing until the fifty-fifth (55th)

anniversary of the date the Release of Construction Covenants is recorded for the Project (loan maturity date). The City Loan Note shall bear simple interest at the rate of three percent (3%) per annum from the date of disbursement of City Loan proceeds. The City Loan Note shall be in the form of a deferred payment loan in which the principal and interest payments are due in full upon the earlier occurrence of (i) the fifty-fifth (55th) anniversary of the date the Release of Construction Covenants for the Project or (ii) upon the, direct or indirect, by operation of law or otherwise, Transfer, sale, master lease, or refinancing of the Project or any material part thereof without the prior consent of the City, or (iii) the acceleration of the loan maturity date in accordance with the provisions of this Agreement or the Project Documents, including after a default by Developer under this Agreement or any of the other Project Documents.

201.2 Security for City Loan. The City Loan shall be secured by the City Loan Deed of Trust, in the form attached hereto as Attachment No. 4 and incorporated herein by this reference, which shall be recorded against the Property in the Official Records of the County. The City Loan Deed of Trust shall be recorded superior to all other liens and encumbrances, except (i) current taxes not yet delinquent, (ii) liens and encumbrances related to the Tax Exempt Loan and (iii) liens and encumbrances approved by City. Concurrently with the recordation of the deed of trust securing the Tax-Exempt Loan, City shall enter into the Subordination and Intercreditor Agreement with the Senior Lender, in a form reasonably acceptable to City (“Citi Subordination and Intercreditor Agreement”).

202. Disbursement of City Loan Proceeds. Subject to satisfaction by Developer or waiver by City of each and every Condition Precedent to the City Loan set forth in Sections 401 the proceeds of the City Loan shall be disbursed only to pay for certain eligible costs of acquisition of the Project set forth in the Rehabilitation Plans and approved Final Budget. City's obligation to commence disbursement, disburse, and continue disbursement of the City Loan proceeds is subject to the fulfillment by Developer or waiver by City of the Conditions Precedent set forth in Section 401 hereof.

202.1 Use and Disbursement of City Loan Proceeds. The proceeds of the City Loan shall only be disbursed by City and used by Developer to acquire the Project at Closing and to rehabilitate the Project.

202.2 Prohibited Use of Proceeds. The proceeds of the City Loan shall not be used for Project reserve accounts or servicing and origination fees, or for expenditures incurred after the issuance of the Release of Construction Covenants.

203. Consent Required for Assignment and Assumption. Except for Transfers permitted pursuant to Section 1401.1 below, the City Loan Note shall not be assignable or assumable by any successor or assignee of Developer without the prior written consent of City, which consent may be withheld in the sole and absolute discretion of City Manager.

204. Reserved.

205. Additional Financing.

205.1 Sources of Financing. Developer and City anticipate the following funding sources to be obtained by Developer and utilized in addition to the City Loan for the acquisition,

Rehabilitation, and operation of the Project. The final sources and amounts of funding for the Project as well as the final cost estimates with respect to the acquisition, Rehabilitation and operation of the Project shall be set forth in the Final Budget which is required to be submitted to City as a Condition Precedent pursuant to Section 401.

(a) Tax Credit Equity. Developer has obtained a reservation for the Tax Credits and shall use its reasonable and best efforts to cause the Tax Credit Investor to make capital contributions to the Developer in the approximate amount of \$ _____ ("Tax Credit Equity").

(b) Tax Exempt Bond Allocation. CSCDA has obtained an allocation of private activity bond cap from CDLAC for the Project and Developer shall use its reasonable and best efforts to cause the allocation to be used and the Tax-Exempt Loan to be made to the Developer.

(c) Net Operating Income. Developer shall use the net operating income collected from the Project during the rehabilitation (specifically, after the close of Escrow and prior to Conversion) as a source of funding for the rehabilitation and operation of the Project. Developer currently estimates the net operating income from the Project to be approximately \$1,286,449. An updated estimate of net operating income shall be included in the Final Budget submitted to City for approval as a Condition Precedent pursuant to the Affordable Housing Agreement.

(d) Deferred Developer Fees. Prior to the completion of the Rehabilitation of the Project, the Developer shall defer acceptance of a portion of the \$783,738 Developer Fee payable in connection with the Project.

205.2 Required Financing Submittals. Within the time established therefor in the Schedule of Performance, Attachment No. 2, and with respect to subsections (a), (d) and (g) below, as a Condition Precedent to the disbursement of any portion of the City Loan pursuant to Section 401, and with respect to subsections (b), (c), (e) and (f) below, as a Condition Precedent to the disbursement of any portion of the City Loan pursuant to Section 402, Developer shall submit to City evidence that Developer has obtained sufficient equity capital and firm and binding commitments (subject to customary conditions) for financing necessary to undertake the acquisition of the Property, Rehabilitation of the Property, and completion and operation of the Project in accordance with this Agreement. Such evidence of financing shall include all of the following:

(a) Final Budget. An updated pro forma and Final Budget for the Project showing all sources, uses, costs for acquisition of the Property, all Rehabilitation and other Improvements, estimated Operating Expenses, and all anticipated construction and permanent financing and funding sources and amounts thereof. City Manager shall have the right to approve or disapprove the Final Budget (and any specific line items therein) for the Project in his reasonable discretion.

(b) Partnership Agreement and Subsidy Applications. Developer shall submit the following documents to City:

(i) The draft Partnership Agreement or funding commitment letter from the Tax Credit Investor that demonstrates Developer has sufficient funds for such acquisition, Rehabilitation and operation of the Project and that such investor funds have been committed to the acquisition, Rehabilitation and operation of the Project, and a current financial statement of Developer and any entities providing Developer's other sources of equity capital.

(ii) If requested by the City, a copy of applications to and financing approvals received (if any) with respect to any other affordable housing subsidy programs from which Developer has applied to obtain financial subsidies.

(iii) Other documentation reasonably satisfactory to City as evidence of other sources of capital, all of which together are sufficient to demonstrate that Developer has adequate funds, together with the proceeds of any other financing, to acquire, Rehabilitate and operate the Project.

(c) Current Financial Statement. A current financial statement of the Developer entity (and all partners and members thereof, except Tax Credit Investor) and/or other documentation satisfactory to City Manager as evidence of other sources of capital sufficient to demonstrate that Developer has adequate funds to cover the difference, if any, between acquisition, Rehabilitation, and completion costs, and the financing secured by Developer, including the Tax Credit Equity, Tax Exempt Loan, Project Net Operating Income, Deferred Developer Fee, and the City Loan; and

(d) Construction Contract. A draft of all forms of contracts to be executed between Developer and the Contractor for the Rehabilitation of the Improvements, in form and substance consistent with the Final Budget and reasonably acceptable to City, certified by Developer to be true and correct copies thereof, and which shall include reference to this Agreement and such Contractor's specific obligation to carry out the construction and completion of the Rehabilitation (or part thereof) in conformity with applicable federal, state, and local laws and regulations.

205.3 Approval of Evidence of Financing. If Developer has submitted all evidence of financing required by Section 205.2 within the time established in the Schedule of Performance, City shall reasonably approve or disapprove such evidence of financing within five (5) Business Days of submission by Developer to City of all complete items required by this Section 205, et seq. If City disapproves any such evidence of financing, City shall do so by written notice to Developer stating the reasons for such disapproval and Developer shall promptly obtain and submit to City new evidence of financing. If Developer's submission of new evidence of financing is timely and provides City with adequate time to review such evidence within the time established in this Section 205.3, City shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 205.3 for the approval or disapproval of the evidence of financing as initially submitted to City. The evidence of financing shall be deemed to be an ongoing representation by Developer that, based on information then available to Developer, the sum total of all sources of financing are equal to and not greater than the amount of the approved Project costs as set forth in the Final Budget for the Project. Once the evidence of financing is approved by City, Developer shall promptly notify City in writing of any change in or additional sources of financing, including without limitation,

the award of Tax Credits. The representations made by Developer with respect to the sources of financing for the Project are the basis used by City to negotiate the financial terms of the City Loan and any substantial change in such sources of Project financing shall, at the sole discretion of City, because to renegotiate the financial terms of, or withdraw the commitment for, the City Loan and, subject to such renegotiation and/or the provisions of Section 200, et seq., may require payments by Developer to reduce the outstanding principal balance of the City Loan.

206. Tax Credit Equity. The following requirements must be satisfied in order for the equity financing for Tax Credit funding to be approved by City pursuant to this Agreement (which requirements may be waived in the sole and absolute discretion of City Manager):

(a) The equity investment of the limited partners of Developer shall not be less than the approximate prevailing price for Tax Credits at such time, taking into consideration all relevant factors such as timing of required payments and amount of the Tax Credits.

(b) The identity of the Tax Credit Investor shall be reasonably acceptable to City.

(c) In connection with the formation of such limited partnership for the equity financing, Huntington Park 607, Inc. or an Affiliate controlled by Huntington Park 607, Inc. shall be a general partner of Developer at all times.

(d) Developer or its Affiliates shall be entitled to a developer fee from the equity financing of not greater than the Developer Fee set forth in the approved financing plan.

300. CONDITION OF PROPERTY.

301. Developer Representations to City re Existing Condition of Property. Except as disclosed in the following environmental reports: Phase I Environmental Site Assessment dated May 25, 2012 prepared by PE National, PLLC, Developer represents, to and for the benefit of City, to the best of its knowledge, that it is not aware of and it has not received any notice or communication from any governmental agency having jurisdiction over the Property, the owner of the Property, or any other person or entity, notifying it of the presence of Hazardous Materials or Hazardous Materials Contamination (both as hereinafter defined) in, on, or under the Property, or any portion thereof or the violation of any Environmental Laws (hereinafter defined). Developer represents that any inspection reports with respect to the Property, environmental audits, reports and studies which concern the Property, or inspection reports from applicable regulatory authorities with respect to the Property, which Developer has received, have been delivered to the City. Developer knows of no circumstances, conditions or events that may, now or with the passage of time, give rise to any Environmental Claim (hereinafter defined) against or affecting the Property. As and when obtained or received by Developer from the current owner or from any other person or entity, true and correct copies of internal inspection reports with respect to the Property, environmental audits, reports and studies which concern the Property, and inspection reports from applicable regulatory authorities with respect to the Property, if any, shall be promptly delivered to City.

Developer acknowledges that Developer located the Property without any assistance from (or involvement by) City; prior to the Date of Agreement, Developer has independently conducted all necessary and appropriate due diligence and determined that the condition of the Property and all improvements located thereon were suitable for the development and operation of the Project; and all such due diligence and Developer's investigations of the condition of the Property were conducted independently and not in consultation with City or City's officers, employees, agents, or consultants. City reasonable approval of the environmental condition of the Property is a Condition Precedent, as set forth in Section 401.

302. Environmental Condition Prior to City Loan Disbursement. As set forth herein as a Condition Precedent, Developer shall evidence to City that it is prepared to take the steps necessary to undertake and complete, upon the conveyance of the Property to Developer, any necessary and recommended remediation of Hazardous Materials (which remediation has not been completed by the existing owner prior to the conveyance of the Property) in full conformity with all Environmental Laws.

303. Reserved.

304. Developer's Obligation to Investigate and Remediate the Property after City Loan Disbursement. After the disbursement of all or any portion of the City Loan to or on behalf of Developer, and notwithstanding the obligation of Developer to indemnify City pursuant to Section 304 herein or any other obligations of Developer pursuant to this Agreement, Developer shall, at its sole cost and expense, promptly take all actions required by any federal, state or local governmental agency or political subdivision or any Environmental Laws with respect to the Property, which actions, requirements or necessity arise from the presence upon, about or beneath the Property of any Hazardous Materials or Hazardous Materials Contamination in violation of Environmental Laws regardless of when such Hazardous Materials or Hazardous Materials Contamination were introduced to the Property and regardless of who is responsible for introducing such Hazardous Materials or Hazardous Materials Contamination to the Property, or portion thereof ("Remediation"). Remediation shall include, but not be limited to, an initial investigation of the environmental condition of the Property, the preparation of any feasibility studies or reports and the performance of any cleanup, remedial, abatement, removal, or restoration work required. Developer shall take all actions necessary to restore promptly the Property to an environmentally sound condition for uses, ownership, and occupancy contemplated by this Agreement, notwithstanding any lesser standard of remediation allowable under applicable Environmental Laws. Developer's obligations under this Section 304 shall survive the issuance of the Release of Construction Covenants.

305. Environmental Indemnification. Developer shall save, protect, pay for, defend (with counsel acceptable to City), indemnify and hold harmless the Indemnitees from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs) (for purposes of this Section 300, et seq., the foregoing shall be collectively referred to as "Liabilities") which may now or in the future be incurred or suffered by the Indemnitees by reason of, resulting from, in connection with, or arising in any manner whatsoever as a direct or indirect result of (i) the ownership or operation of all or any part of the

Property, (ii) any act or omission on the part of Developer, or its agents, employees, representatives, agents, contractors, occupants, or invitees, (iii) the presence on, under, or about, or the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Materials or Hazardous Materials Contamination in violation of Environmental Laws, (iv) the environmental condition of the Property, and (v) any Liabilities incurred under any Environmental Laws relating to Hazardous Materials. Developer's obligations hereunder shall survive this Agreement and the issuance of the Release of Construction Covenants, and shall be a covenant running with the land in perpetuity, binding on all successors and assigns of Developer's interest in either this Agreement or any part of the Property. Developer may assign its obligations hereunder to an approved or permitted successor or assignee of Developer's interest in this Agreement or the Property for those events or conditions related to the requirements in this Section that may occur subsequent to Developer's conveyance to such successor or assign, provided that Developer shall remain liable for all of its obligations hereunder to the extent related to events occurring prior to such assignment. Notwithstanding the foregoing, Developer shall not have any obligation to indemnify, defend or hold harmless the Indemnitees where the Liabilities have arisen as a result of the negligence or willful misconduct of any of the Indemnitees. At the request of Developer, City shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that City shall not be obligated to incur any expense in connection with such cooperation or assistance.

306. Release of City by Developer. Developer hereby waives, releases and discharges forever City and its employees, officers, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with any Hazardous Materials in, on or under the Property, or the existence of Hazardous Materials Contamination in any state on the Property, however they came to be located there.

306.1 Civil Code 1542 Release. Developer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code that provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

As such relates to this Section, Developer hereby waives and relinquishes all rights and benefits that it may have under Section 1542 of the California Civil Code.

Developer Initials: _____

Notwithstanding the foregoing, the releases provided under Sections 306 and 306.1 shall not be effective in the event the presence or release of Hazardous Materials on the Property occurs as a result of the negligence or willful misconduct of any of the Indemnitees.

307. Duty to Prevent Hazardous Material Contamination. Upon the execution of this Agreement and after the Closing, Developer shall take such actions as necessary or prudent to prevent the release of any Hazardous Materials into the environment in, on, under, or about the Property in violation of Environmental Laws. Such precautions shall include reasonable means to prevent or discourage dumping or other releases of Hazardous Materials on the Property in violation of Environmental Laws by third parties and trespassers, including without limitation the erection of a fence surrounding the Property, if warranted. In the event any Remediation is required on the Property prior to the disbursement of any portion of the City Loan, such Remediation shall be conducted in accordance with this Section.

During the Rehabilitation of the Property, Developer shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment or onto or under the Property in violation of Environmental Laws. Such precautions shall include compliance with all Environmental Laws with respect to Hazardous Materials. In addition, Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with applicable Environmental Laws and then-prevailing industry standards as respects the disclosure, storage, use, abatement, removal and disposal of Hazardous Materials.

308. Environmental Inquiries. Developer shall notify City, and provide to City a copy or copies, of the following environmental permits, disclosures, applications, entitlements or inquiries relating to the Property: notices of violation, notices to comply, citations, inquiries, clean up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and Developer shall report to City, as soon as possible after each incident, all material information relating to or arising from such incident, including but not limited to, the following:

- (a) All required reports of releases of Hazardous Materials, including notices of any release of Hazardous Materials as required by any Governmental Requirement;
- (b) All notices of suspension of any permits;
- (c) All notices of violation from Federal, State or local environmental authorities;
- (d) All orders under the State Hazardous Waste Control Act and the State Hazardous Substance Account Act and corresponding federal statutes, concerning investigation, compliance schedules, clean up, or other remedial actions;
- (e) All orders under the Porter Cologne Act, including corrective action orders, cease and desist orders, and clean up and abatement orders;
- (f) Any notices of violation from OSHA or Cal OSHA concerning employees' exposure to Hazardous Materials;
- (g) All complaints and other pleadings filed against Developer and/or City relating to Developer's storage, use, transportation, handling or disposal of Hazardous Materials on the Property; and

(h) Any and all other notices, citations, inquiries, orders, filings or any other reports containing information which would have a material adverse effect on the City Loan, the Property or City's liability or obligations.

In the event of a release of any Hazardous Materials into the environment, Developer shall, as soon as possible after the release, furnish to City a copy of any and all reports relating thereto and copies of all correspondence with governmental agencies relating to the release. Upon request of City, Developer shall furnish to City a copy or copies of any and all other environmental entitlements or inquiries relating to or affecting the Property including, but not limited to, all permit applications, permits and reports including, without limitation, those reports and other matters which may be characterized as confidential.

309. Definitions. For the purposes of this Section 300, et seq., the following terms shall have the meanings herein specified:

(a) As used in this Agreement, the term "Hazardous Material" or "Hazardous Materials" shall mean and include any substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "acutely hazardous waste," "restricted hazardous waste," or "extremely hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos and/or asbestos containing materials; (vii) lead-based paint or any lead based or lead products; (viii) polychlorinated biphenyls, (ix) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903), (xi) Methyl-tert Butyl Ether; (xii) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601); (xiii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any "Environmental Laws" (as defined in Paragraph (c) of this Section 309) either requires special handling in its use, transportation, generation, collection, storage, handling, treatment or disposal, or is defined as "hazardous" or harmful to the environment; and/or (xiv) lead based paint pursuant to and defined in the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, et seq., specifically §§4821-4846, and the implementing regulations thereto. Notwithstanding the foregoing, "Hazardous Materials" shall not include such products in quantities as are customarily used in the construction, maintenance, rehabilitation, management, operation and residence of residential developments or associated buildings and grounds, or typically used in residential activities in a manner typical of other comparable residential developments, or substances commonly ingested

by a significant population living within the Project, including without limitation alcohol, aspirin, tobacco and saccharine.

(b) The term "Hazardous Materials Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the improvements, facilities, soil, groundwater, air or other elements on, in or of the Property by Hazardous Materials, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on, in or of any other property as a result of Hazardous Materials at any time (whether before or after the date of this Agreement) emanating from the Property.

(c) The term "Environmental Laws" as used in this Agreement shall mean all laws, ordinances and regulations relating to Hazardous Materials, including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901, et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986), 42 U.S.C. Section 9601, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601, et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, et seq., the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. Section 11001, et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801, et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f, et seq.; all comparable state and local laws, laws of other jurisdictions or orders and regulations; and all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the city, or any other political subdivision in which the Property are located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over City, Developer, or the Property.

(d) The term "Environmental Claim" shall mean (1) any judicial or administrative enforcement actions, proceedings, claims, orders (including consent orders and decrees), directives, notices (including notices of inspection, notices of abatement, notices of non-compliance or violation and notices to comply), requests for information or investigation instituted or threatened by any governmental authority pursuant to any Governmental Requirement; or, (ii) any suits, arbitrations, legal proceedings, actions or claims instituted, made or threatened that relate to any damage, contribution, cost recovery, compensation, loss or injury resulting from the release or threatened release (whether sudden or non-sudden or accidental or non-accidental) of or exposure to, any Hazardous Materials, or the violation or alleged violation of any Governmental Requirement, or the general, manufacture, use, storage, transportation, treatment, or disposal of Hazardous Materials.

400. LOAN DISBURSEMENT; CONDITIONS PRECEDENT.

401. City obligation to disbursement of the City Loan proceeds is subject to the fulfillment by Developer or waiver by City of each and all of the Conditions Precedent described in this Section 401, which are solely for the benefit of City, and each of which, if it requires action by Developer, shall also be a covenant of Developer, and any of which may be waived by the City Manager in his sole and absolute discretion.

401.1 Outside Closing Date. The close of Escrow for the acquisition of the Property and the initial disbursement of the City Loan shall have occurred on a date that is no later than the Outside Closing Date and as set forth in the Schedule of Performance, unless modified in writing by City and Developer.

401.2 Project Documents. Not later than one (1) day prior to the date set for the close of Escrow for Developer's acquisition of the Property and initial disbursement of the proceeds of the City Loan, Developer shall have executed and delivered to the Escrow Holder, in recordable form where required: (i) City Loan Note, (ii) City Loan Deed of Trust, (iii) Regulatory Agreement, (iv) Memorandum of Agreement, and any other Project Documents required hereunder in connection with the City Loan and the acquisition and Rehabilitation of the Property by Developer.

401.3 Final Budget. Developer shall have submitted to City for its approval an updated and final pro forma and detailed Final Budget for the acquisition, Rehabilitation and operation of the Project (consistent with the Rehabilitation Plans) as required by Section 205.2(a), and City Manager shall have approved the Final Budget. The use of City Loan proceeds shall be consistent with the approved Final Budget.

401.4 Evidence of Financing. Developer shall have provided written proof reasonably acceptable to City that Developer has obtained a preliminary reservation of Tax Credits, and has obtained or will obtain prior to the date set forth in the Schedule of Performance for the commencement of Rehabilitation, sufficient funds or commitments for financing to finance the completion of the Rehabilitation, such that the City Manager is reasonably satisfied that the financing is sufficient to pay for the acquisition, Rehabilitation, and permanent financing of the Project.

401.5 Insurance. City shall have received evidence, satisfactory to City Manager or a City risk management designee(s), that all of the insurance policies, certificates, and endorsements required by this Agreement (other than builder's risk) have been duly submitted, reviewed and approved and such insurance policies, certificates and endorsements are and remain in full force and effect.

401.6 Title to Property. Developer shall, as of the close of Escrow, have good and marketable fee simple title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever and financing approved by City pursuant to Section 205.3 and liens for current real property taxes and assessments not yet due and payable, and any other matters approved in writing by the City. City shall have no obligation to make the City Loan to Developer unless and until title to the Property conforms to this Section 401.6 and is reasonably acceptable to City.

(a) **Preliminary Report.** Within five (5) days of the Date of Agreement, Developer shall submit to City a true copy of an up to date (not older than thirty (30) days) preliminary report issued by the Title Company and shall include and attach thereto legible copies of back-up documents for each of the title exceptions set forth in said preliminary report. Developer acknowledges that City must be reasonably satisfied concerning the exceptions to title. All monetary encumbrances and exceptions to title (except for pre-approved exceptions in

section (b) below) are hereby objected to by City, and Developer is on notice to cause the title company to remove such monetary exceptions (other than liens for current real property taxes and assessments not yet due and payable.)

(b) Condition of Title; Preapproved Exceptions. City shall be reasonably satisfied that upon the close of Escrow Developer shall have good and marketable fee title to the Property and there will exist thereon or with respect thereto no mortgage, lien, pledge, encroachment, exception, or other encumbrance of any character whatsoever, EXCEPT that the following may be exceptions to title at the time of the initial disbursement of the City Loan or at any time thereafter:

- (i) liens for current real property taxes and assessments not yet due and payable;
- (ii) the deeds of trust, regulatory agreements and related documents for the Tax Exempt Loan, approved by City, subject to City's right to review and approve such documents;
- (iii) the Tax Credit Regulatory Agreement, subject to City's right to review and approve such document;
- (iv) subordination agreement(s), subject to City's right to review and approve such document(s);
- (v) any other matters approved in writing by City.

401.7 Title Insurance. City shall have received (or Title Company shall be ready to issue) one or more 2006 ALTA lender's policies of title insurance excluding any survey, creditor's rights or arbitration exceptions, or one or more pro forma policies and evidence of a commitment therefor, reasonably satisfactory to City Manager ("City Title Policy") relating to the City Loan. Such City Title Policy shall have a liability limit of not less than the full amount of the City Loan and shall insure City's interest under the City Loan Deed of Trust as a valid lien or charge upon the Property with the priority required by this Agreement. The City Title Policy shall include mechanics' lien coverage and such other endorsements as City may reasonably require, and except as provided above in Section 401.7, the City Title Policy shall contain only such exceptions from coverage as shall have been approved in writing by City Manager.

401.8 Recordation. At the close of Escrow, the Escrow Holder shall be prepared to record the Memorandum of Agreement, the City Loan Deed of Trust, the Regulatory Agreement, the Request for Notice, and any other documents required to be recorded against the Property pursuant to the terms of this Agreement and the Project Documents.

401.9 Reserved.

401.10 Environmental Condition. The environmental condition of the Property shall be reasonably acceptable to City, as determined by City Manager and City legal counsel in their reasonable discretion.

401.11 Appraisal; Approval of Purchase Price. Developer shall have submitted to City a true and correct copy of the appraisal(s) obtained regarding the fair market value of the Property demonstrating to the reasonable satisfaction of City and its economic consultant that the total purchase price to be paid by Developer to Seller for the Property is justified. The appraisal(s) required by this Section shall be dated not earlier than the date of the purchase and sale agreement between Seller and Developer.

401.12 Certificate of Limited Partnership. Developer's general partners shall have executed a Certificate of Limited Partnership which shall have been filed with the California Secretary of State.

401.13 Escrow Expenses. Developer shall have paid, or caused the payment of, all costs, fees, and expenses of the Escrow (other than City's deposit of that portion of the City Loan Proceeds allocable to the acquisition of the Property), including all costs or fees in connection with the acquisition of the Property, Escrow fees, title insurance costs, documentary transfer taxes, or recording fees.

401.14 Corporate Resolution. Developer shall deliver to City certified copies of Resolutions of Developer's general partners specifically authorizing (or ratifying) the execution by the Developer of this Agreement, the City Loan Note, the City Loan Deed of Trust, the Regulatory Agreement, and all implementing Project Documents and identifying the individual(s) with authority to enter into non-material implementation agreements and/or amendments to this Agreement and make ongoing decisions relating to the acquisition, Rehabilitation, and operation of the Project.

401.15 Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct in all material respects as of the initial disbursement of the City Loan as though made on and as of those dates, and City Manager shall have received a certificate to that effect signed by an officer of Developer.

401.16 No Default. No Event of Default by Developer shall have occurred, and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer, and City Manager shall have received a certificate to that effect signed by an officer of Developer.

All Conditions Precedent set forth in this Section 401, et seq., to the initial disbursement of the City Loan and close of the Escrow for Developer's acquisition of the Property, or to City's obligations hereunder, are for City's benefit only and the City Manager may waive all or any part of such rights by written notice to Developer. If City Manager shall, within the applicable periods set forth herein, disapprove of any of the items which are subject to City's approval (and such items are not cured by Developer within applicable time frames), or if any of the conditions set forth in this Agreement are not met within the times called for, City may thereafter terminate this Agreement without any further liability on the part of City by giving written notice of termination to Developer. Escrow Holder shall thereupon, without further consent from Developer, return to each party the documents and funds deposited by them as to the Property.

402. Conditions Precedent to Developer's Commencement of the Rehabilitation. Developer shall only commence Rehabilitation a upon the prior satisfaction by Developer or waiver by the City Manager of the following Conditions Precedent, each of which, if it requires action by Developer, shall also be a covenant of Developer:

402.1 Conditions Precedent to Close of Escrow. All Conditions Precedent to the Close of Escrow set forth in Section 401 shall remain satisfied and Developer shall be in continued compliance with all covenants contained in Section 401.

402.2 Building Permits. Developer shall have obtained all Building Permits and other permits required to commence the Rehabilitation, and shall have provided true, correct and complete copies of all such permits to City.

402.3 Reserved.

402.4 Insurance. City shall have received evidence, satisfactory to City Manager or a City risk management designee(s), that all of the builder's insurance policies, certificates, and endorsements required by this Agreement have been duly submitted, reviewed and approved and such builder's risk insurance policies, certificates and endorsements are and remain in full force and effect. City shall have received confirmation, satisfactory to City Manager or his risk management designee(s), that all of the other insurance policies required herein remain in full force and effect.

402.5 Representations and Warranties. The representations and warranties of Developer contained in this Agreement shall be correct in all material respects as of the commencement of the Rehabilitation as though made on and as of that date, and City Manager shall have received a certificate to that effect signed by an authorized officer of Developer.

402.6 No Default. No Event of Default by Developer shall have occurred, and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer, and City Manager shall have received a certificate to that effect signed by an officer of Developer.

402.7 Lease/Rental Agreement. Developer shall have submitted to City, and City shall have approved the standard form lease/rental agreement in conformance with the Regulatory Agreement (Attachment No. 11) for rental of the Housing Units to eligible tenants in accordance with the terms of this Agreement.

402.8 Management Plan; Property Manager. Developer shall have submitted to City, and City shall have approved, the Management Plan for the Project. Developer shall identify the Property Manager and provide relevant background information and evidence of its experience as a professional property manager for high quality affordable residential projects in Los Angeles County comparable to the Project, as required by Section 1009.1. The City approves the USA Multifamily Management, Inc. as property manager.

402.9 Partnership Agreement. Developer's Partnership Agreement shall be in form and content reasonably acceptable to City (and City's legal counsel and economic advisor) in accordance with this Agreement. Pursuant to the Partnership Agreement, the Tax Credit

Investor shall be committed (subject to conditions set forth in the Partnership Agreement) to make equity contributions in an amount which together with the proceeds of the City Loan, Tax Exempt Loan and any additional affordable housing subsidies and loans, is sufficient to finance the Project.

402.10 Sufficient Financing. Developer shall have certified in writing to City that the City Loan, together with the, Tax Credit Equity, Tax Exempt Loan and any additional affordable housing subsidies and loans, is sufficient to pay for the acquisition and Rehabilitation of the Property through completion of the Rehabilitation, and for permanent financing for the Project.

402.11 Approval of Rehabilitation Plan. City shall have approved the Rehabilitation Plans for the Project prepared and submitted by Developer as being in substantial conformity with the Rehabilitation Plans, this Agreement, and the Huntington Park Municipal Code and property standards, all pursuant to the City's standard procedures and as set forth in more detail in Section 601. In addition, Developer shall have submitted to City detailed information regarding its methodology for the abatement of asbestos, lead based paint, and other required Hazardous Materials remediation at the Property, if any, and such methodology shall be reasonably satisfactory to City.

500. DEVELOPER'S GENERAL REPRESENTATIONS AND WARRANTIES.

501. Developer Representations and Warranties. As a material inducement to City to enter into this Agreement, Developer represents and warrants to City:

501.1 Formation, Qualification and Compliance.

(a) Developer is a California limited partnership, with all required authority to conduct its business and acquire, own, purchase, improve and sell its property.

(b) To the best of Developer's knowledge, Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental agency that are necessary for the transaction of its business;

(c) Developer has and will in the future duly authorize, execute and deliver this Agreement and any and all other agreements and documents required to be executed and delivered by Developer in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement;

(d) To the best of Developer's knowledge, Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of Developer to carry out its obligations hereunder;

(e) There are no material pending or, so far as is known to Developer, threatened, legal proceedings to which Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed in the material

submitted to City which could materially adversely affect the ability of Developer to carry out its obligations hereunder;

(f) There is no action or proceeding pending or, to Developer's best knowledge, threatened, looking toward the dissolution or liquidation of Developer and there is no action or proceeding pending or, to Developer's best knowledge, threatened by or against Developer which could affect the validity and enforceability of the terms of this Agreement, or materially and adversely affect the ability of Developer to carry out its obligations hereunder.

Each of the foregoing items (a) to (f), inclusive in this Section 501.1, shall be deemed to be an ongoing representation and warranty until the Closing. Developer shall advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (f), inclusive. After the Closing and throughout the Affordability Period, Developer shall have an ongoing obligation to promptly (but in no event later than thirty (30) days) inform City in the event any of the foregoing representations and warranties (a) through (f) becomes materially untrue.

501.2 Execution and Performance of Project Documents. Developer has all required authority to execute and perform all obligations under the Project Documents. The execution and delivery by Developer of, and the performance by Developer of its obligations under, each Project Document have been authorized by all necessary action and do not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

600. REHABILITATION OF THE PROPERTY

601. Revisions. If Developer desires to propose any substantial revisions to the approved Rehabilitation Plans, it shall submit such proposed changes to City, and shall also proceed in accordance with any and all state and local laws and regulations regarding such revisions, within the time frame set forth in the Schedule of Performance for the submittal of the Rehabilitation Plans. Any such change proposed in the approved Rehabilitation Plans may be disapproved by City through City Manager in his sole and reasonable discretion. For the purposes of this Agreement, a "substantial revision" to the approved Rehabilitation Plan shall be a revision which increases results in an increase to the Rehabilitation budget in excess of \$100,000.

602. Defects in Plans. City shall not be responsible either to Developer or to any third parties in any way for any defects in the Rehabilitation Plans, or for any structural or other defects in any work done according to the approved Rehabilitation Plans, or for any delays reasonably caused by the review and approval processes established by this Section 600. Developer shall hold harmless, indemnify and defend the Indemnitees from and against any claims or suits for damages to property or injuries to persons (including death) arising out of or in any way relating to defects, latent or patent, in the Rehabilitation Plans, or the actual construction work or other Improvements comprising the Rehabilitation and the Project, including without limitation the violation of any laws, or arising out of or in any way relating to any defects in any work done and/or improvements completed according to the approved Rehabilitation Plans.

603. City and Other Governmental Permits. Before commencement of any portion of the Rehabilitation of the Property, Developer shall secure or shall cause its Contractor to secure any and all permits and land use entitlements which may be required by the City or any other governmental agency with jurisdiction over such construction of the applicable portion of the Rehabilitation, including without limitation applicable Building Permits. Developer shall pay all necessary fees for such portion of the Rehabilitation and timely submit to City such information as may be required by City to obtain the applicable Building Permits, and City staff will, without obligation to incur liability or expense therefor, use reasonable efforts to expedite City's issuance of the applicable Building Permits meeting the requirements of the Huntington Park Municipal Code, and all other applicable federal, state, and local laws, rules, and regulations.

604. Completion of Project. Developer shall commence and diligently proceed through completion the Rehabilitation of the Project. Developer shall complete the Rehabilitation of the Project not later than the Outside Completion Date and as set forth in the Schedule of Performance, unless extended by agreement of City and Developer, or by Force Majeure.

605. Release of Construction Covenants. Upon the completion of the Rehabilitation in conformity with this Agreement (as reasonably determined by the City Manager) and delivery to the City of the certificate of completion by Developer (the "Certificate of Completion") and acceptance thereof by City, Developer may request in writing that City and within ten (10) Business Days after receipt of such written request of Developer, City shall furnish Developer with (i) a Release of Construction Covenants (substantially in the form attached hereto as Attachment No. 6) which evidences and determines the satisfactory completion of the Rehabilitation of the Property in accordance with this Agreement, or (ii) a written response indicating portions of the Rehabilitation that are not complete. If the City does not furnish Developer with a Release of Construction Covenants or a written response within such ten (10) Business Day period, the Developer may provide to City a second written request therefore which indicates in bold 18 point text "Response required; request will be deemed approved if the City does not respond within five (5) Business Days". If the City does not furnish Developer with a Release of Construction Covenants or a written response within five (5) Business Day after the second written request, then City shall be deemed to have determined that the Rehabilitation is complete and City shall be deemed to have issued the Release of Construction Covenants in accordance with this Agreement. The issuance and recordation of the Release of Construction Covenants with respect to the Property shall not supersede, cancel, amend or limit the continued effectiveness of any obligations relating to the maintenance, uses, occupancy, payment of monies, or any other obligations with respect to the Property, the Project, or this Agreement or any covenants recorded in connection herewith, except for the obligation to complete the Rehabilitation of the Property. Neither the acceptance of Developer's Certificate of Completion nor the issuance and recordation of the Release of Construction Covenants, imply that the Rehabilitation is in compliance with all applicable laws or waive any rights of City should it be determined that the Rehabilitation is not in compliance with applicable laws.

606. Inspection of Work. City or its agent(s) shall have inspected the Rehabilitation work and shall have the right to confirm that (a) such Rehabilitation work is been completed substantially in accordance with this Agreement and the approved Rehabilitation Plans, (b) the

Rehabilitation work has been completed in a good and workmanlike manner in accordance with the standards of the construction industry, and (c) the expenses are in accordance with the approved Final Budget (or any change order approved in accordance with the approved Construction Contract) and Construction Contract.

700. INSURANCE AND INDEMNIFICATION.

701. Developer Insurance Requirements. In addition to the separate and severable indemnification covenants and provisions provided by Developer to City hereinafter in this Section 700, Developer shall provide insurance according to the requirements set forth below, except to the extent alternative coverages are approved in writing by City's Risk Manager, in his or her sole and absolute discretion. Developer shall maintain the following coverages on behalf of the Indemnitees for claims, damages to property and injuries to persons, including death (including attorneys' fees and litigation costs), which may be caused by any of Developer's negligent activities under this Agreement or related to the Project, regardless of whether such activities or performance thereof be by Developer or anyone directly or indirectly employed or contracted with by Developer and regardless of whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall cause all requirements of this Section to be obtained and maintained until expiration of the Affordability Period.

701.1 Commencement of Work. Developer shall not commence work under this Agreement until all certificates and endorsements have been received and approved by City. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify City of any material change, cancellation, or termination at least thirty (30) days in advance.

701.2 Workers Compensation Insurance. For the duration of this Agreement, Developer and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by law. The insurer shall waive its rights of subrogation against City and its officers, agents, employees, and volunteers, and shall issue an endorsement to the policy evidencing the same.

701.3 Insurance Amounts. Developer shall maintain the following insurance until expiration of the Affordability Period:

(a) Commercial General Liability in an amount not less than \$1,000,000 per occurrence and \$2,000,000 general aggregate. Claims made and modified occurrence policies are not acceptable. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(b) Automobile liability (for hired and non-owned automobiles only) in an amount not less than \$1,000,000 combined single limit, including mobile equipment if any. Claims made and modified occurrence policies are not acceptable. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(c) Builder's All Risk in an amount equal to the replacement value of the property. Claims made and modified occurrence policies are not acceptable. Insurance

companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(d) Excess Liability Policy in an amount not less than \$5,000,000 for any underlying policies that do not meet contractual policy limits. Insurance companies must be acceptable to City and have a Best's Guide Rating of A- Class VII or better, as approved by City.

(e) An Additional Insured Endorsement(s), commercial general liability policy, for on-going and completed operations, for the policy under Section 701.3(a), shall designate the City of Huntington Park and its officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the Developer. (Form CG 20 26 11 85 or equivalent).

(f) An Additional Insured Endorsement(s), automobile liability policy, automobile liability and mobile equipment, for the policy under Section 701.3(b), shall designate the City of Huntington Park and its officers, officials, employees, agents, and volunteers as additional insureds for automobiles owned, leased, hired, or borrowed, by or on behalf of Developer and mobile equipment, if any. (Form CA 20 48 02 99 or equivalent for the automobile liability policy, and the mobile equipment coverage by separate endorsement).

(g) Additional Insured or Loss Payee Endorsement(s), builders all risk, for the policy under Section 701.3(c).

(h) A Schedule of Underlying Policies for the excess liability policy, for the policy under Section 701.3(d), including policy numbers for the excess liability policy and underlying policies.

(i) An Insurance Certificate, excess liability policy, for the policy under Section 701.3(d), stating that the excess liability policy "Umbrella policy is excess of the General Liability and Auto Liability policies."

(j) The insurer for each policy shall waive its rights of subrogation against the City of Huntington Park and its officers, officials, employees, agents, and volunteers, and shall issue an endorsement to the policy evidencing the same.

(k) All carriers shall provide an endorsement for each respective policy giving the City of Huntington Park thirty (30) days advance written notice prior to any material change, cancellation, or termination.

(l) All insurance companies providing insurance policies required by this Agreement must be acceptable to City and have a Best's Guide Rating of A-Class VII or better, as approved by City. For all insurance policies and endorsements required by this Agreement Developer shall provide to City proof of insurance and endorsement forms that conform to the requirements set forth herein.

701.4 Primary Insurance. For any claims related to this Agreement, Developer's insurance coverage shall be primary insurance as respects City and its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by City and its

officers, officials, employees, agents, or volunteers shall be in excess of the Developer's insurance and shall not contribute with it.

701.5 General Conditions Pertaining to Provision of Insurance Coverage by Developer. Developer agrees to the following provisions regarding all insurance provided by Developer for the Project:

(a) Developer agrees to provide insurance in accordance with the requirements set forth herein. If Developer uses existing coverage to comply with these requirements and that coverage does not meet the requirements set forth herein, Developer agrees to amend, supplement or endorse the existing coverage to do so. In the event any policy of insurance required under this Agreement does not comply with these requirements or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Developer.

(b) The coverage required here will be renewed annually by Developer as long as Developer continues to provide any services under this or any other contract or agreement with City relating to the Property or the Project during the Affordability Period.

(c) No liability insurance coverage provided to comply with this Agreement shall prohibit Developer, or Developer's employees, or agents, from waiving the right of subrogation prior to a loss. Developer waives its right of subrogation against City.

(d) The provisions of any workers' compensation or similar act will not limit the obligations of Developer under this Agreement. Developer is and shall at all times be considered an independent contractor, and expressly agrees not to use any statutory immunity defenses under such laws with respect to City and its employees, officials and agents.

(e) No liability policy shall contain any provision or definition that would serve to eliminate so-called "third party action over" claims, but a liability policy may exclude claims to an employee of the insured.

(f) All insurance coverage and limits provided by Developer and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement or any other agreement relating to City or its operations limits the application of such insurance coverage.

(g) Any "self-insured retention" must be declared and approved by City. Self-funding, policy fronting or other mechanisms to avoid risk transfer are not acceptable. If Developer has such a program, Developer must fully disclose such program to City.

(h) Developer shall provide proof that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Proof that such coverage has been ordered shall be submitted prior to expiration. A coverage binder or letter from Developer to this effect is acceptable. A certificate of insurance and/or additional insured endorsement as required in these specifications applicable to the renewing or new coverage must be provided to City within thirty (30) days of the expiration of the coverages.

(i) Developer agrees to provide evidence of the insurance required herein, satisfactory to City Manager and the City's Risk Manager, consisting of: certificate(s) of insurance evidencing all of the coverages required and an additional insured endorsement to Developer's general liability policy using Insurance Services Office endorsement form No. CG 20 26 1185 or an equivalent additional insured endorsement form(s) presented to and reviewed and approved by the City's Risk Manager in his or her sole, reasonable discretion. Developer agrees, upon request by City Manager or City Risk Manager, to provide complete, certified copies of any policies required by this Section, within ten (10) days of such request. Any actual or alleged failure on the part of City or any other additional insured under these requirements to obtain proof of insurance required under this Agreement in no way waives any right or remedy of City or any additional insured, in this or any other regard. Future insurance requirements will remain the same as long as the loss experience remains insignificant.

(j) Certificate(s) must reflect that the insurer will provide thirty (30) days' notice to City of any cancellation of coverage. An endorsement shall be provided for each policy wherein each carrier will give the City thirty (30) days written notice in the event of any cancellation or termination of the respective policy.

(k) Developer agrees to require the Contractor, subcontractors, or other parties hired for this Project to provide workers' compensation, general liability and automobile liability insurance, unless otherwise agreed to by City with minimum liability limits of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate. The Contractor's general liability insurance shall add as additional insureds City and its designee(s), and any and all of their boards, officials, employees and agents using Insurance Services Office additional insured endorsement form No. CG 20 26 1185 or equivalent additional insured endorsement form(s) presented to and reviewed and approved by the City's Risk Manager in his or her sole, reasonable discretion. Developer agrees to obtain certificates evidencing such coverage and make reasonable efforts to ensure that such coverage is provided as required here.

(l) Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

(m) The insurance requirements set forth in this Section 701 are intended to be separate and distinct from any other provision in this Agreement and are intended to be interpreted as such.

(n) The requirements in this Section 701 supersede all other Sections and provisions of this Agreement to the extent that any other Section or provision conflicts with or impairs the provisions of this Section.

(o) For purposes of insurance coverage only, this Agreement will be deemed to have been executed as of the Date of Agreement.

702. Knowledge of Claim. If at any time Developer (or its Contractor) becomes aware of a claim or a potential claim related to the Project in which the demand or probable ultimate cost exceeds \$25,000, Manager and City's Risk Manager, Developer (or its Contractor) shall promptly provide written notice ("Claim Notice") to City which sets forth the nature of the claim or potential claim and the date on which Developer became aware of such claim or potential claim and shall provide City with copies of any documents relating to such claim or potential claim. City assumes no obligation or liability by such notice, but City shall have the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

703. Notice of Change in Coverage. If, at any time, Developer (or its Contractor) becomes aware that any of the coverages provided above are going to be canceled, limited in scope or coverage, terminated or non-renewed, then Developer (or its Contractor) shall promptly provide City with written notice ("Insurance Notice") of such cancellation, limitation, termination or non-renewal. Upon the receipt of the Insurance Notice or the Claim Notice, or at any time when City has knowledge of (i) the cancellation, limitation, termination or non-renewal of one or more of Developer's (or its Contractor's) insurance policies enumerated above or (ii) a claim or potential claim under one or more of such policies in accordance with Section 702 above, then, in addition to its other rights and remedies pursuant to this Agreement, City shall have the right to suspend City's obligations under this Agreement until such time as Developer (or its Contractor) furnishes, or causes to be furnished to City, duplicate originals or appropriate certificates of insurance for coverages in the amount of not less than those specified above or until the time such claim or potential claim has been resolved to the reasonable satisfaction of City, whichever occurs first.

704. Waiver of Subrogation. Developer (and its Contractor) hereby waive all rights to recover against City (and any officer, employee, agent or representative thereof) for any loss incurred by Developer (or its Contractor) from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer (and its Contractor) shall use their best efforts to obtain only policies that permit the foregoing waiver of subrogation.

705. Obligation to Repair and Restore Damage Due to Casualty Covered by Insurance. Subject to the provisions below and subject further to the rights of Senior Lender under the Tax-Exempt Loan documents, if the Project shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Project improvements to substantially the same condition as the Project improvements existed immediately prior to the casualty, if and to the extent the insurance proceeds are available and sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Project improvements can be occupied in accordance with this Agreement. Subject to Force Majeure delays as set forth in Section 1304 herein, in no event shall the repair, replacement, or restoration period exceed one (1) years from the date Developer obtains insurance proceeds unless City Manager, in his reasonable discretion, approves a longer

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

706. Damage or Destruction Due to Cause Not Required to be Covered by Insurance. Subject to the rights of Senior Lender under the Tax-Exempt Loan documents, if the Project Improvements are completely destroyed or substantially damaged by a casualty for which Developer is not required to (and has not) insured against, or if insurance proceeds are insufficient to rebuild, then Developer shall not be required to repair, replace, or restore such improvements and may elect not to do so by providing City with written notice of election not to repair, replace, or restore within ninety (90) days after such substantial damage or destruction. As used in this Section 706, "substantial damage" caused by a casualty not required to be (and not) covered by insurance shall mean damage or destruction which is ten percent (10%) or more of the replacement cost of the Project Improvements. Further, if requested by the City Manager, Developer shall raze the remaining Project Improvements, and remove all rubble and debris from the Property. Subject to the rights of Senior Lender under the Tax-Exempt Loan documents, in the event that Developer elects not to repair, replace, or restore the damaged or destroyed improvements within ninety (90) days after such substantial damage or destruction, Developer shall concurrently repay the full outstanding balance of the City Loan to City and this Agreement shall be automatically terminated. Provided, however, if within such 90 day period Developer submits to City a proposal for acquiring sufficient financing to complete the Project, and such proposal demonstrates to the reasonable satisfaction of the City Manager that all Rehabilitation can be completed and the Project put into service prior to the date that is four years from the date of this Agreement, or if the Rehabilitation was previously completed, then four years from the date of the damage or destruction, then repayment of the City Loan pursuant to this Section 706 shall be stayed until after the first to occur of (a) a determination by the City Manager that completion of the Project prior to the last day of such four year period is infeasible, or (b) the last day of such four year period, if the Project is not completed and put into service by that date.

707. Non Liability of City. Developer acknowledges and agrees that:

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

with such matters is solely for the protection of City and that neither Developer nor any third party is entitled to rely on it;

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

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

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

708. Indemnification. Developer shall defend, indemnify, assume all responsibility for, and save and hold the Indemnitees harmless from any and all claims, causes of action, settlements, court damages, demands, defense costs, reasonable attorneys' fees, expert witness fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other expenses which they may suffer or incur and any liability of any kind or nature arising from or relating to the activities of Developer under this Agreement or related to the Project (including reasonable attorneys fees and costs), regardless of whether such activities or performance thereof be by Developer or anyone directly or indirectly employed or contracted with by Developer and regardless of whether such damage shall accrue or be discovered before or after termination of this Agreement. Developer shall not be obligated to indemnify the Indemnitees to the extent occasioned by the negligence or willful misconduct of any of the Indemnitees or the breach of any of the Project Documents by any of them. Developer shall have the obligation to defend any such action; provided, however, that this obligation to defend shall not be effective if and to the extent that Developer determines in its reasonable discretion that such action is meritorious or that the interests of the parties justify a compromise or a settlement of such action, in which case Developer shall compromise or settle such action in a way that fully protects the Indemnitees from any liability or obligation. In this regard, Developer's obligation and right to defend shall include the right to hire (subject to reasonable written approval by City) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Developer or any of the Indemnitees. If Developer defends any such action, as set forth above, (i) to the extent of Developer's

indemnification obligations as set forth herein, Developer shall indemnify and hold harmless Indemnitees from and against any claims, losses, liabilities, or damages assessed or awarded against either of them by way of judgment, settlement, or stipulation and (ii) City shall be entitled to settle any such claim only with the written consent of Developer and any settlement without Developer's consent shall release Developer's obligations under this Section 708 with respect to such settled claim. The foregoing agreements by Developer shall remain in effect for the Affordability Period. At the request of Developer, City shall cooperate with and assist Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that City shall not be obligated to incur any expense in connection with such cooperation or assistance.

709. Reimbursement of City For Enforcement of Project Documents. Developer shall reimburse City within thirty (30) days upon written demand itemizing all costs reasonably incurred by City (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of City) in connection with the enforcement of the Project Documents including the following: (a) City's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to any Project Document, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which City is indemnified under the Project Documents and defense of any action if City has tendered the defense of such action to Developer and Developer fails to defend any such action. Such reimbursement obligations shall bear interest from the date occurring 10 days after City gives written demand to Developer at the same rate as is provided in the City Loan Note (or if different interest rates are specified therein, the highest non-default interest rate), and shall be secured by the City Loan Deed of Trust. Such reimbursement obligations shall survive the cancellation of the City Loan Note, release and reconveyance of the City Loan Deed of Trust, issuance of the Release of Construction Covenants, and termination of this Agreement.

800. TAXES AND ASSESSMENTS.

801. Taxes and Impositions. After Developer's acquisition of the Property from the Seller, Developer shall be responsible to and shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and special real property taxes and assessments imposed on the Property (and not abated pursuant to property tax exemption) and (b) all other taxes and assessments and charges of every kind that are assessed upon the Property and that create or may create a lien upon the Property (or upon any personal property or fixtures used in connection with the Property), including nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions. If permitted by law, Developer may pay any Imposition in installments (together with any accrued interest).

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

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

801.2 Evidence of Payment. Upon demand by the City Manager from time to time, Developer shall deliver to the City Manager within thirty (30) days following the due date of any Imposition, evidence of payment of the Imposition reasonably satisfactory to the City Manager, unless Developer is contesting the imposition in conformity with Section 901.1. In addition, upon demand by City from time to time, Developer shall furnish to City a tax reporting service for the Property of a type and duration, and with a company, reasonably satisfactory to City.

900. LENDER/HOLDER PROTECTIONS.

901. Right of City to Satisfy Other Liens on Property after Title Passes. After the disbursement of any portion of the City Loan and prior to the recordation of the Release of Construction Covenants, and after Developer has had written notice and has failed after a reasonable time, but in any event not less than the applicable cure period as set forth in the applicable Project Document, to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Property which are not otherwise permitted under this Agreement, City shall have the right, but not the obligation, to satisfy any such liens or encumbrances and to add the amount of any payment made by City under this Section to the outstanding balance of the City Loan, which additional amount shall be secured by the City Loan Deed of Trust. Notwithstanding the above, Developer shall have the right to assert any challenge to the validity or amounts of any tax, assessment, or encumbrance available to Developer with respect thereto.

902. Liens and Stop Notices. Developer shall not allow to be placed on the Property or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Project, Developer shall within thirty (30) days of such recording or service or within twenty (20) days of City's demand whichever first occurs:

- (a) pay and discharge the same; or
- (b) affect the release thereof by recording and delivering to City a surety bond in sufficient form and amount, or otherwise; or
- (c) provide City with other assurance which City deems, in City's sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City from the effect of such lien or bonded stop notice.

903. Holder Not Obligated to Complete Rehabilitation. The holder of any mortgage or deed of trust pre-approved by City and authorized by this Agreement shall not be obligated by the provisions of this Agreement to complete the Project or any portion thereof, or to guarantee such completion; nor shall any covenant or any other provision in this Agreement be construed so to obligate such holder. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Property to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

904. Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure.

With respect to any mortgage or deed of trust granted by Developer that is authorized by this Agreement, whenever City may deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of the Project, City shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement a copy of such notice or demand. Each such holder shall (insofar as the rights granted by City are concerned) have the right, at its option, within forty-five (45) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the Rehabilitation to which the lien or title of such holder relates. Any such holder (or approved assignee) properly completing such Rehabilitation shall be entitled, upon compliance with the requirements herein, to a Release of Construction Covenants with respect to the portion of the Rehabilitation completed by such holder.

It is understood that a holder shall be deemed to have satisfied the forty-five (45) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Property (or portion thereof) if and to the extent any such holder has within such forty-five (45) day period commenced proceedings to obtain title and/or possession and thereafter the holder (or approved assignee) diligently pursues such proceedings to completion and cures or remedies the default.

Notwithstanding anything to the contrary contained herein, City agrees that any cure of any default made or tendered by one or more of Developer's (or Developer's assignee's) limited partners shall be deemed to be a cure by Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer. Copies of all notices which are sent to Developer (or Developer's assignee) under the terms of this Agreement shall also be sent to all approved limited partners who have requested such notice.

905. Failure of Holder to Complete Project. In any case where, sixty (60) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Property or any part thereof receives a notice from City of a default by Developer in completion of the Rehabilitation or any other part of the Project required by this Agreement, and such holder has not exercised the option to construct as set forth above, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, City may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust or otherwise due and payable thereunder. If the ownership of the Property or any part thereof has vested in the holder, City, if City so desires, shall be entitled to a conveyance from the holder to City upon payment to the holder of an amount equal to the sum of the following:

(a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure including reasonable attorneys' fees;

(c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Property or part thereof;

(d) The costs of any improvements made by such holder;

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by City; and

(f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by Developer.

The provisions of this Section 905 shall not apply to the Tax-Exempt Loan or the deed of trust securing the Tax-Exempt Loan.

906. Right of City to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by Developer prior to the completion of the Project (and expiration of the Affordability Period), Developer shall immediately deliver to City a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, City shall have the right but no obligation to cure the default. In such event, City shall be entitled to reimbursement from Developer of all proper costs and expenses incurred by City in curing such default. City shall also be entitled to a lien upon the Property to the extent of such costs and disbursements. Any such lien shall be junior and subordinate to the mortgages or deeds of trust approved and in place in conformity with this Agreement.

907. Subordination of Affordability Covenants. In connection with City's review of Developer's financing pursuant to the provisions of this Agreement and in the event City (through and by this delegation to the City Manager) finds that an economically feasible method of financing for the construction and operation of the Project, without the subordination of the affordable housing covenants as may be set forth in this Agreement and the Regulatory Agreement, is not reasonably available, City Manager may exercise his discretion to allow and make the affordable housing covenants set forth in this Agreement and the Regulatory Agreement junior and subordinate to the deeds of trust and other documents required in connection with the Tax Exempt Loan, and other construction financing for the Project approved pursuant to this Agreement. City shall not be required to enter into any subordination agreement(s) unless such subordination agreement(s) contain written commitments which City Manager finds are reasonably designed to protect City's investment in the Project in the event of default, including: (a) an extended period for and right of City to cure a default on such senior loan prior to foreclosure; (b) a right of City to negotiate with the lender after notice of default from the lender and prior to foreclosure, (c) an agreement that if prior to foreclosure of the senior loan, City re-takes possession of the Property and cures the default on the senior loan, the lender will not exercise any right it may have to accelerate the senior loan by reason of the transfer of title to City, and (d) a right of City to acquire the Property from Developer at any time after a material default on the senior loan. The City's execution of a subordination agreement shall signify the City's acceptance or waiver of each of the conditions set forth above. City will reasonably consider a reaffirmation of the original subordination to the Tax Exempt Loan, upon

modification, refinancing, or new financing; provided, however, the reaffirmation shall be evidenced by an agreement in a form reasonably acceptable to City and City's legal counsel. If and to the extent any reaffirmation, new or amended subordination, any estoppel certificates, or similar documents are requested and/or necessary, Developer expressly acknowledges and agrees that any and all third party cost incurred or to be incurred by City in excess of \$500 per request (increased annually by CPI), including for example attorney fees or other consultant's costs, are and shall be the sole financial responsibility of Developer (or its Lender or other third party, but in no event City). Upon the delivery by City of a subordination or reaffirmation of subordination, Developer shall pay to City all third party costs incurred by City in connection therewith. Pursuant to the applicable subordination agreement, any party and its successors and assigns, receiving title to the Property through a trustee's sale, judicial foreclosure sale, or deed in lieu of foreclosure of such senior deed of trust or mortgage, including a deed of trust or mortgage which is given in connection with such refinancing, and any conveyance or transfer thereafter, shall receive title free and clear of the provisions of the Regulatory Agreement.

1000. AFFORDABLE HOUSING COVENANTS; MAINTENANCE, PROPERTY MANAGEMENT, AND OPERATION OF PROJECT.

1001. Duration of Affordability Requirements; Affordability Period. The Project and all the Housing Units thereon shall be subject to the requirements of this Section 1000 et seq. for the full term of fifteen (15) years from the date the Release of Construction Covenants is issued by City and recorded against the Property.

1002. Tenant Selection Covenants.

1002.1 Selection of Tenants. Developer shall be responsible for the selection of tenants for the Housing Units in compliance with all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by City pursuant to this Agreement. Preference shall be given for occupancy of the Housing Units that are not subject to project based Section 8 assistance to (i) tenants who currently reside within the City, or who currently work in the City, or who have been displaced by activities of the City of Huntington Park and (ii) eligible tenants on the City's tenant waiting list who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria, to the extent authorized by applicable federal, state or local laws or regulations.

1002.2 Income and Occupancy Restrictions. As included in the annual income certification provided by Developer or as otherwise reasonably requested by City, Developer shall make available for City Manager's review such information as Developer has reviewed and considered in its selection process, together with the statement by Developer that Developer has determined that each selected tenant will comply with all applicable terms and conditions of this Agreement in each tenant's occupancy of a Housing Unit, including without limitation, that each corresponding household satisfies the income eligibility requirements, Affordable Rent requirements, and other requirements of this Agreement.

(a) In this regard, Developer covenants and agrees that (i) each tenant (other than the on-site Property Manager) shall and will be a 50% AMI Very Low Income Household, or a 60% AMI Low Income Household, and (ii) the cost to each tenant household

(other than the on-site Property Manager) for the corresponding Housing Unit on the Property shall be at and within the defined Affordable Rent for the applicable 50% AMI Very Low Income Household or 60% AMI Low Income Household, and (iii) each tenant household (other than the on-site Property Manager) shall meet HQS occupancy standards for the Housing Unit, and (iv) the occupancy and use of the Property shall comply with all other covenants and obligations of this Agreement (collectively, "Tenant Selection Covenants").

(b) Developer covenants that:

(i) Seventy-five (75) of the one (1) bedroom Housing Units at the Project shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent;

(ii) Eighteen (18) of the two (2) bedroom Housing Units at the Project shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent;

(iii) Seventy-Two (72) of the one (1) bedroom Housing Units at the Project shall be occupied by 60% AMI Very Low Income Households at an Affordable Rent;

(iv) Seventeen (17) of the two (2) bedroom Housing Units at the Project shall be occupied by 60% AMI Very Low Income Households at an Affordable Rent;

(v) Two (2) two (2) bedroom Housing Unit at the Project shall be occupied by an on-site property manager. The on-site manager is not required to income qualify as a 50% AMI Very Low Income Household or 60% AMI Very Low Income Household; nor shall the monthly housing payment charged for the on-site manager's Housing Unit be restricted to an Affordable Rent, nor shall Developer be required to comply with any other requirements set forth in this Agreement relating to the income or other Tenant Selection Covenants when selecting and retaining such on-site manager.

1003. Reserved.

1004. Affordable Rent.

1004.1 Maximum Monthly Rent Paid by Tenant. The maximum monthly Rent chargeable for the Housing Units shall be annually determined in accordance with the Tax Credit Rules, pursuant to the following formulas:

(a) The Affordable Rent for the Housing Units to be rented to 50% AMI Very Low Income Households shall not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

(b) The Affordable Rent for the Housing Units to be rented to 60% AMI Very Low Income Households shall not exceed one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

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

1004.2 Rent Schedule and Utility Allowance. City will review and approve or disapprove the Affordable Rents proposed by Developer for all of the Housing Units together with the monthly allowances proposed by Developer for utilities and services to be paid by the tenant to ensure said Affordable Rents and allowances have been properly calculated in accordance with Section 1004.1 hereof, within 5 Business Days of receipt thereof. Developer must annually reexamine the income of each tenant household living in the Housing Units annually in accordance with Section 1014 herein. The maximum monthly rent must be recalculated by Developer and reviewed and approved by City annually within 5 Business Days of receipt thereof, and may change as changes in the applicable gross Rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in Rents for the Housing Units is subject to the provisions of outstanding leases. Developer must provide all tenants not less than thirty (30) days prior written notice before implementing any increase in Rents. If the City does not furnish Developer with notice of approval or disapproval within such five (5) Business Day period, the Developer may provide to City a second written request therefor which indicates in bold 18 point text "Response required; request will be deemed approved if the City does not respond within five (5) Business Days ". If the City does not furnish Developer with a written response within five (5) Business Days after City's receipt of the second written request, then City shall be deemed to have approved such Affordable Rents.

1004.3 Increases in Tenant Income. A tenant who qualifies as a 50% AMI Very Low Income Household or a 60% AMI Very Low Income Household prior to occupancy of a Housing Unit in compliance with the Agreement shall be deemed to continue to be so qualified until such time as the annual re-verification of such tenant's income demonstrates that such tenant no longer qualifies as a 50% AMI Very Low Income Household or a 60% AMI Very Low Income Household, as applicable. A tenant occupying a Housing Unit whose income increases, causing that tenant household to cease to be income qualified in the same category shall, if that tenant household continues to qualify in a higher income category provided for under this Agreement, be deemed to so qualify and the Housing Unit occupied by such tenant household shall be counted towards Developer's obligation to provide a Housing Unit for households in such income category. A tenant household whose income increases such that such tenant household ceases to be income qualified to occupy any Housing Unit at the Project, may continue to occupy his Housing Unit and be charged rent including a reasonable utility allowance, not greater than the lesser of thirty percent (30%) of the household's adjusted monthly income, recertified annually, or the market rent applicable to the Housing Unit as published by HUD.

1004.4 Most Restrictive Affordable Rent Covenants Govern. To the extent of an inconsistency between or among the foregoing covenants relating to Affordable Rent and other

covenants or agreements applicable to the Project, the most restrictive covenants or agreement regarding the Affordable Rent for the Housing Units in the Project shall prevail.

1004.5 Affordable Rent Calculation Chart. In illustration of the foregoing description of Affordable Rent, attached hereto as Attachment No. 10 and incorporated by this reference is an "AFFORDABLE RENT CALCULATION CHART (Rugby Plaza Apartments)." The chart is illustrative only and in the event of any inconsistency between such chart and the specific provisions of this Agreement, the provisions of this Agreement shall prevail.

1005. Leases; Rental Agreements for Housing Units. As set forth in the Conditions Precedent, Developer shall submit a standard lease form, which shall comply with all requirements of this Agreement, to City for approval. City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement, within 5 Business Days of receipt thereof. Developer shall enter into a written lease, in the form approved by City, with each tenant/tenant household of the Project. No lease shall contain any of the provisions that are prohibited and shall be for a period of not less than 6 months.

1006. [Reserved.]

1007. [Reserved.]

1008. Maintenance. Developer shall, at its sole cost and expense, maintain or cause to be maintained the interior and exterior of the Project and all Housing Units thereof and the Property in a decent, safe and sanitary manner, in accordance with the standard of maintenance of high quality apartments within Los Angeles County, California.

None of the Housing Units in the Project shall at any time be utilized on a transient basis, nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Developer fails to maintain the Project or the Property in accordance with this Agreement and such condition is not corrected within five (5) days after written notice from City with respect to health and safety deficiencies, graffiti, debris, and waste material, or thirty days after written notice from City with respect to other of the City's property standards, then City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project or the Property and perform all acts and work necessary to protect, maintain, and preserve the Project and the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to City upon demand. The liens created under this Section shall be subject and subordinate to the lien of the mortgage or deed of trust encumbering the Property (or any part of the Property) for the Tax Exempt Loan, approved pursuant to the terms of this Agreement and the rights to perform acts and works shall be subject to the approval of the Senior Lender.

1009. Management of the Project.

1009.1 Property Manager. Developer shall cause the Project, and all appurtenances thereto that are a part of the Project, to be managed in a prudent and business-like manner, consistent with property management standards for other comparable high quality, well-managed rental housing projects in Los Angeles County, California. Developer shall contract with a property management company or property manager to operate and maintain the Project in accordance with the terms of this Section (“Property Manager”); provided, however, the selection and hiring of the Property Manager (and each successor or assignee Property Manager) is and shall be subject to prior written approval of City Manager in his sole and reasonable discretion. The City Manager hereby approves the USA Multifamily Management, Inc., as Property Manager. If a potential outside property manager or property management company has not previously acted as property manager for Developer or Developer's Affiliates, then Developer shall conduct due diligence and background evaluation of any potential outside property manager or property management company to evaluate experience, references, credit worthiness, and related qualifications as a property manager. Any proposed property manager shall have prior experience with rental housing projects and Property comparable to the Project and the references and credit record of such manager/company shall be investigated (or caused to be investigated) by Developer prior to submitting the name and qualifications of such proposed property manager to the City Manager for review and approval. A complete and true copy of the results of such background evaluation shall be provided to the City Manager. Approval of a Property Manager by City Manager shall not be unreasonably delayed but shall be in his sole and reasonable discretion, and City Manager shall use good faith efforts to respond as promptly as practicable in order to facilitate effective and ongoing management of the Project. Furthermore, the identity and retention of any approved Property Manager shall not be changed without the prior written approval of the City Manager, which approval shall not be unreasonably withheld or delayed, but shall be in his sole and reasonable discretion. The selection by Developer of any new Property Manager also shall be subject to the foregoing requirements. The fee to be paid to the Property Manager shall not exceed six and five tenths percent (6.5%) of scheduled gross income.

(a) Gross Mismanagement. In the event of “Gross Mismanagement” (as that term is defined below) of the Project or any part of the Project, City Manager shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from City Manager. If such condition(s) do persist beyond such period City Manager shall have the right to immediately and without further notice to Developer (or to Property Manager or any other person/entity) replace the Property Manager with a new property manager of the City Manager's selection at the sole cost and expense of Developer and with the written consent of Senior Lender. If Developer takes steps to select a new Property Manager that selection is subject to the requirements set forth above for selection of a Property Manager, except the thirty (30) day period shall be extended for an additional period not to exceed sixty (60) days in the aggregate if Developer is diligently taking steps to replace the Property Manager).

(i) For purposes of this Agreement, the term “Gross Mismanagement” shall mean management of the Project (or any part of the Project) in a manner which violates the terms and/or intention of this Agreement to operate a high quality rental

housing complex comparable to other similar complexes in Los Angeles County, California, and shall include, but is not limited to, any one or more of the following:

1. Knowingly leasing to tenants who exceed the prescribed income levels;
2. Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding;
3. Underfunding required reserve accounts, unless funds are reasonably not available to deposit in such accounts;
4. Failing to timely maintain the Project in accordance with the Management Plan and the manner prescribed herein unless funds are reasonably not available to deposit in such accounts;
5. Failing to submit timely and/or adequate annual reports to City as required herein;
6. Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;
7. Failing to cooperate, reasonably and in good faith, with the Huntington Park Police Department or other local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;
8. Failing to cooperate, reasonably and in good faith, with the Huntington Park Fire Department or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;
9. Failing to cooperate, reasonably and in good faith, with the Huntington Park Planning & Building Department, including the Code Enforcement Division, or other local health and safety enforcement agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project; and
10. Spending funds from the Capital Replacement Reserve account(s) for items that are not defined as capital costs under the standards imposed by generally accepted accounting principles (GAAP) and/or, as applicable, generally accepted auditing principles.

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

(b) **Marketing.** Developer shall comply with an affirmative marketing plan reasonably approved by City, including methods for informing the public and potential tenants about the federal fair housing laws, procedures to inform and solicit applications from persons in the housing market area not likely to apply for tenancy at the Housing Units without special outreach and recordkeeping methods that will permit City to evaluate the actions taken by Developer (or Property Manager) to affirmatively market the Housing Units at the Project. Specific procedures for marketing and releasing Housing Units shall be set forth in the Management Plan and shall include the following (i) at all times prior to the date that each Housing Unit has been initially occupied and (ii) at any time during which the number of households on the waiting list is less than twenty-five (25):

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

(ii) Posting advertisements and notices of the vacancy(ies) at local religious institutions, community centers, public buildings such as post-offices and City Hall, and the Huntington Park Senior Center.

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

1010. Code Enforcement. Developer acknowledges and agrees that City and City's employees and authorized agents shall have the right to conduct code compliance and/or code enforcement inspections of the Project and the individual units, both exterior and interior, during normal business hours and upon reasonable notice (not less than 72 hours prior notice) to Developer and/or an individual tenant. If such notice is provided by City representative(s) to Developer, then Developer (or its Property Manager) shall immediately and directly advise tenant of such upcoming inspection and cause access to the area(s) and/or units on the Project to be made available and open for inspection. Developer shall include express advisement of such inspection rights within the approved lease/rental agreements for each Housing Unit in the Project in order for each and every tenant and tenant household to be aware of this inspection right.

1011. Capital Reserve Requirements. Developer shall annually set aside and fund the Capital Replacement Reserve amounts defined and required under this Agreement (Three Hundred Dollars (\$300) per year for each Housing Unit) or shall cause the Property Manager to do so. The Capital Replacement Reserve deposits shall be allocated from the gross rents received from the Property and shall be deposited into a separate interest-bearing account held by the Senior Lender. Funds in the Capital Replacement Reserve shall be used for capital replacements to the fixtures and equipment on the Property (including common areas) that are normally capitalized under generally accepted accounting principles and shall include the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs, showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree

replacement; irrigation pipe and controls replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area repainting. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Property and all common areas and common improvements in the manner prescribed herein.

1011.1 Annual Accounting of Reserve. Annually, at the same time as the proposed Operating Budget is due pursuant to Section 1012, Developer, at its expense, shall submit to City an accounting for the Capital Replacement Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 1011.

1012. Operating Budget. Commencing on or before issuance of the Release of Construction Covenants, and each December 1 thereafter, Developer shall submit to City the Operating Budget for the Project that sets forth the projected Operating Expenses for the upcoming year. City Manager shall not unreasonably withhold, condition, or delay approval of the annual Operating Budget, or any amendments thereto. Until a new budget is approved the budget for the prior year shall apply.

1013. Capitalized Operating Reserve. Commencing on or before issuance of the Release of Construction Covenants, Developer shall, or shall cause the Property Manager to, set aside an amount equal to three (3) months of Operating Expenses for the Project ("Target Amount") in an Capitalized Operating Reserve to be held in a separate interest bearing trust account, which initial deposit shall be funded using proceeds of the Tax Credit equity or other approved source (other than the City Loan). The amount in the Capitalized Operating Reserve shall be retained to cover shortfalls between Annual Project Revenue and actual Operating Expenses, but shall in no event be used to pay for capital items or capital costs properly payable from the Capital Replacement Reserve.

1013.1 Annual Accounting of Reserve. Annually, at the same time as the proposed Operating Budget is due pursuant to Section 1012, Developer, at its expense, shall submit to City an accounting for the Capitalized Operating Reserve set forth in the Annual Financial Statement, demonstrating compliance with this Section 1013.

1014. Regulatory Agreement. The requirements of this Agreement that are applicable after the disbursement of the City Loan are set forth in the Regulatory Agreement. The execution of the Regulatory Agreement is a condition precedent to the initial or any subsequent disbursement of the City Loan.

1100. FEDERAL PROGRAM LIMITATIONS; COMPLIANCE WITH LAWS.

1101. Compliance with Laws. Developer shall comply with all applicable federal, state and local statutes, ordinances, regulations and laws, (including the Governmental Requirements) with respect to Developer's ownership and the Rehabilitation and the operation and management of the Property by Developer (all of which comprises the Project hereunder). Developer shall carry out the design, construction and completion of Improvements, and operation and management of the Project, in conformity with all applicable laws, including all applicable

federal, state, and local labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Huntington Park Municipal Code, Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Act, Civil Code Section 51, et seq.

1102. Prevailing Wage Laws. Developer shall carry out the Rehabilitation through completion of the Project and the overall development of the Property in conformity with all applicable federal, state and local labor laws and regulations, if applicable, California law (Labor Code Section 1720, et seq.). The parties acknowledge that they have attempted to structure the City Loan to ensure the Project is not subject to federal, state and/or local prevailing wage requirements and neither party shall take any action which is known or reasonably should know would subject to the Project to federal, state and/or local prevailing wage requirements.

1200. NONDISCRIMINATION COVENANTS.

Except to the extent preferences are permitted or required by this Agreement, Developer covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land. D The foregoing Covenants shall run with the land. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In Deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(b) In Leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: "That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and

paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) In Contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

The covenants established in this Section 1200 shall, without regard to technical classification and designation, be binding for the benefit and in favor of City and its successors and assigns, and shall remain in effect in perpetuity.

1300. DEFAULTS AND REMEDIES.

1301. Defaults—General. Subject to the permitted extensions of time and other cure periods set forth in this Agreement and in the Project Documents, failure or delay by any party to perform any term or provision of this Agreement constitutes a Default hereunder and under Project Documents. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

1301.1 Events of Default by Developer. The occurrence of any of the following, whatever the reason therefor, shall specifically constitute an Event of Default by Developer:

(a) Developer fails to make payment under the City Loan Note when due, and such failure is not cured within ten (10) days after Developer’s receipt of written notice that such payment was not received when due; or

(b) Developer fails to perform any other obligation for the payment of money (other than payments of principal or interest) under any Project Document, and such failure is not cured within ten (10) days after Developer’s receipt of written notice that such obligation was not performed when due, and Developer has not exercised its right to contest the obligation to make such payments in conformity with this Agreement; or

(c) Developer fails to perform any obligation (other than obligations described in subsections (a) and (b), above) under any Project Document, and such failure is not cured within thirty (30) days after Developer’s receipt of written notice that such obligation was not performed; provided that, if cure cannot reasonably be effected within such thirty (30)-day

period, such failure shall not be an Event of Default so long as Developer (in any event, within thirty (30) days after receipt of such notice) commences cure, and thereafter diligently prosecutes such cure to completion; or

(d) Work on the Project ceases for thirty (30) consecutive days for any reason (other than and limited to: governmental orders, decrees or regulations, acts of God, strikes or other causes beyond Developer's reasonable control) and such causes, in the aggregate and in the City Manager's reasonable judgment, threaten to delay the completion of the Project beyond the required Outside Completion Date set forth in this Agreement; or

(e) Developer is enjoined or otherwise prohibited by any governmental agency from constructing and/or occupying the Improvements and such injunction or prohibition continues unstayed for thirty (30) days or more for any reason; or Developer is dissolved, liquidated or terminated, or all or substantially all of the assets of Developer are sold or otherwise transferred without the City Manager's prior written consent to the extent consent is required; or

(f) Developer is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Developer applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Developer and the appointment continues undischarged or unstayed for ninety (90) days; or Developer institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, reorganization, or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Developer and continues undismissed or unstayed for ninety (90) days; or any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Developer is not released, vacated or fully bonded within ninety (90) days after its issue or levy; or

(g) Developer is in default under any of the provisions under the Tax Exempt Loan or any of the agreements, security instruments, or documents now or hereafter related thereto which default is not cured within any applicable cure period.

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

1302. Notice of Default. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice or, provided that the party is proceeding with diligence to cure, such greater time as may reasonably be necessary to cure given the nature of the Default. Failure or delay in giving such notice shall not constitute a waiver of any Default, nor shall it change the time of Default. If City fails to approve or disapprove any request by

Developer within the time period set forth in this Agreement or any other Project Document (or, if no time period is set forth herein or therein, within thirty (30) days after the initial request), such failure shall be a Default by City ten (10) days after Developer gives City notice of the Default.

1303. Remedies Upon Default.

1303.1 Institution of Legal Actions. The occurrence of any Event of Default shall give the non-defaulting party the right to proceed with any and all remedies set forth in this Agreement or any other implementing or ancillary agreements related to the Project, including an action for damages, an action or proceeding at law or in equity to require the defaulting party to perform its obligations and covenants hereunder or thereunder or to enjoin acts or things which may be unlawful or in violation of the provisions hereof or thereof, and the right to terminate this Agreement. In addition, the occurrence of any Event of Default by Developer will relieve City of any obligation to perform hereunder, including without limitation to fund the City Loan, and the right to cause any indebtedness of Developer to City hereunder to become immediately due and payable.

(a) Acceptance of Service of Process. In the event that any legal arbitration or action is commenced against City, service of process on City shall be made by personal service upon the City Clerk or in such other manner as may be provided by law. In the event that any legal action is commenced against Developer, service of process on Developer shall be made by personal service upon a partner or an officer of Developer and shall be valid whether made within or outside the State of California or in such other manner as may be provided by law.

1303.2 Other City Remedies upon Developer Default. Upon the occurrence and during the continuance of any Event of Default by Developer, City may, at its option and in its sole and absolute discretion, do any or all of the following:

(a) By written notice to Developer, declare the principal of all amounts owing under the City Loan Note secured by the City Loan Deed of Trust and/or other Project Documents, together with all accrued interest and other amounts owing in connection therewith, to be immediately due and payable, regardless of any other specified due date;

(b) In its own right or by a court-appointed receiver, take possession of the Property, enter into contracts for and otherwise proceed with the completion of the work of improvement on the Property by expenditure of its own funds;

(c) Exercise any of its rights under the Project Documents and any rights provided by law, including the right to foreclose on any security and exercise any other rights with respect to any security, all in such order and manner as City elects in its sole and absolute discretion; and/or

(d) Seek and obtain an order for specific performance as allowed by law or in equity.

1304. Force Majeure. Subject to the party's compliance with the notice requirements as set forth below, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include, without limitation, the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other party, or acts or failures to act of any public or governmental entity(except that City's acts or failure to act shall not excuse performance of City hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause.

1305. Attorney's Fees. In the event any legal action is instituted between City and Developer (including any member or partner of Developer or its successor(s) and assign(s)) in connection with this Agreement, then the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees, and all fees, costs, and expenses incurred on any appeal or in collection of any judgment.

1306. Inaction Not a Waiver of Default. Any failures or delays by any party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

1307. Cumulative Remedies; No Waiver. The parties' rights and remedies under this Agreement are cumulative and in addition to all rights and remedies provided by law from time to time. The exercise by a party of any right or remedy shall not constitute a cure or waiver of any default, nor invalidate any notice of default or any act done pursuant to any such notice, nor prejudice such party in the exercise of any other right or remedy. No waiver of any default shall be implied from any omission by a party to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of this Agreement shall be construed as a waiver of any subsequent breach of the same provision. A party's consent to or approval of any act by another party requiring further consent or approval shall not be deemed to waive or render unnecessary such party's consent to or approval of any subsequent act. A party's acceptance of the late performance of any obligation shall not constitute a waiver by such party of the right to require prompt performance of all further obligations; a party's acceptance of any performance following the sending or filing of any notice of default shall not constitute a waiver of such party's right to proceed with the exercise of its remedies for any unfulfilled obligations; and such party's acceptance of any partial performance shall not constitute a waiver by such party of any rights relating to the unfulfilled portion of the applicable obligation.

1308. Cure by Tax Credit Investor. Any cure of any Default tendered by the Tax Credit Investor shall be accepted or rejected on the same grounds as if said default were tendered by the Borrower.

1400. TRANSFERS.

1401. Transfers; General Prohibition of Transfer without City Consent. The qualifications and identity of Developer as the qualified Developer and as an experienced and successful developer and operator/manager of affordable housing are of particular concern to City. It is because of these identities and the qualifications of each of the partners that comprise the Developer entity that City has entered into this Agreement with Developer. Accordingly, commencing upon Developer's acquisition of the Property and continuing through and including the completion of the Rehabilitation of the Property and the final payment on the City Loan Note or the end of the Affordability Period, whichever occurs later, no Transfer shall occur without the prior written approval of City, except as expressly set forth herein, which approval shall not be unreasonably withheld or delayed.

1401.1 Permitted Transfers. Notwithstanding the provisions of this Agreement or any other Project Document prohibiting transfer of any interest in Developer, the Property, the Project, this Agreement, or any of the Project Documents, City approval of a Transfer shall not be required in connection with any of the following (each, an "Approved Transfer"):

(a) The conveyance or dedication of any portion of the Property to the City or other appropriate governmental agency, or the granting of easements or permits to facilitate the Rehabilitation (as defined herein).

(b) An assignment for financing purposes to secure the funds necessary for the acquisition of the Property and undertaking through completion of the Rehabilitation or a refinancing thereof, so long as such construction and/or permanent loan documents have been duly reviewed and approved by City and City has approved such financing or refinancing pursuant to this Agreement.

(c) Leasing of individual Housing Units to qualified tenants in accordance with Section 1000, et seq. and the Regulatory Agreement.

(d) Leasing of any commercial space in the Project.

(e) The Transfer of or all or any part of the Property or the Project, or assignment of any Project Document to Huntington Park 607, L.P. or to an entity controlled by Huntington Park 607, LP (collectively "Affiliate Entity"), or an entity or entities in which an Affiliate Entity is a general partner or managing member.

(f) The substitution of a general partner of Developer (each, a "General Partner") as directed by the limited partner of Developer that is the tax credit equity investor (the "Investor Limited Partner") in accordance with the terms of the Partnership Agreement, subject to the following terms and conditions. Such Investor Limited Partner may substitute an affiliate (the "Interim General Partner") on an interim basis for a period reasonably calculated to identify and admit into the partnership a new general partner as set forth below (the

“Substitute General Partner”). The Interim General Partner is hereby approved by the City. The Substitute General Partner must be an entity reasonably acceptable to the City Manager, which approval shall not be unreasonably withheld or delayed.

(g) The pledge by a General Partner of Developer to the Investor Limited Partner of the General Partner’s interest in Developer, as security for the performance of all of the General Partner’s obligations under the Partnership Agreement.

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

(i) Any dilution of a General Partner’s interest in Developer in accordance with the Partnership Agreement.

(j) The sale, transfer, or conveyance of a General Partner’s interest in Developer, or of an option to purchase or right of first refusal to purchase a General Partner’s interest in Developer, to an Investor Limited Partner or an Affiliate Entity, to the extent permitted by the Partnership Agreement.

(k) Any transfer or conveyance pursuant to a foreclosure of the deed of trust securing the Tax-Exempt Loan (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Senior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement or a one-time subsequent transfer to another party.

In the event of a Transfer by Developer not requiring City’s prior approval, Developer nevertheless agrees that at least fifteen (15) days prior to such Transfer it shall give written notice to City of such assignment and satisfactory evidence (to the extent applicable) that the assignee will and shall assume all of the obligations of this Agreement in writing through an assignment and assumption agreement in a form reasonably acceptable to City. The form of each assignment and assumption agreement and all documents related to such Transfer shall be submitted to City for review and approval by City’s legal counsel not later than fifteen (15) days prior to the proposed date of the Transfer and upon the closing of such Transfer true and complete copies of all documents relating to such Transfer shall be delivered to City.

1401.2 City Consideration of Requested Transfer. City agrees that it will not unreasonably withhold, condition, or delay approval of a request for approval of a Transfer made pursuant to this Section 1401, et seq., provided Developer delivers written notice to City requesting such approval and includes the proposed assignment and assumption contract and, if required by City, all necessary and relevant background and experience information related to the proposed transferee.

An assignment and assumption agreement in form satisfactory to City’s legal counsel shall be required for each proposed Transfer. Within fifteen (15) days after the receipt of Developer’s written notice requesting City approval of a Transfer pursuant to this Section 1401, et seq., City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, City reasonably requires in order to

determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Developer shall promptly furnish to City such further information as may be reasonably requested. Upon the closing of such Transfer true and complete copies of all documents relating to such Transfer shall be delivered to City.

(a) Payment of City Third Party Costs re Proposed Transfer. Any and all third party costs incurred by City in connection with consideration and approval (or disapproval) of a proposed transferee for any Transfer (other than an Approved Transfer) in excess of \$500 per request (increased annually by CPI) shall be paid by Developer, and payment thereof shall be and remain a condition precedent to City's obligation to approve and execute any Transfer document, including without limitation any assignment and assumption agreement.

1500. MISCELLANEOUS.

1501. General Interpretation Terms.

1501.1 Singular and Plural Terms; Masculine and Feminine Terms. Any defined term used in the plural in any Project Document shall refer to both the singular and the plural form thereof. Any provision herein or defined term used that refers to the masculine shall also refer to the feminine, and any provision herein or defined term used that refers to the feminine shall also refer to the masculine.

1501.2 Accounting Principles. Any accounting term used and not specifically defined in any Project Document shall be construed in conformity with, and all financial data required to be submitted under any Project Document shall be prepared in conformity with, generally accepted accounting principles applied on a consistent basis or in accordance with such other principles or methods as are reasonably acceptable to City.

1501.3 References and Other Terms. Any reference to any Project Document or other document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections, Exhibits, and Attachments shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears except as otherwise noted. The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms "including" and "include" mean "including (include) without limitation".

1501.4 Attachments and Other Exhibits Incorporated. All attachments and other exhibits to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

1502. Notice of Certain Matters. Developer shall give notice to City, within ten (10) days after Developer's learning thereof, of each of the following:

(a) any material pending or, so far as is known to Developer, threatened, legal proceedings to which Developer or an Affiliate is or may be made a party or to which any portion of the Property is or may become subject, which have not been fully disclosed

in the material submitted to City which could materially adversely affect the ability of Developer to carry out its obligations hereunder, whether covered by insurance or not;

- (b) any dispute between Developer and any governmental agency relating to the Property, the adverse determination of which might materially affect the Property;
- (c) any change in Developer's principal place of business;
- (d) any aspect of the Project that is not in substantial conformity with the Rehabilitation Plans;
- (e) any Event of Default or event which, with the giving of notice or the passage of time or both, would constitute an Event of Default;
- (f) the creation or imposition of any mechanics' lien or other lien against the Property;
- (g) any material adverse change in the financial condition of Developer;
- (h) any material change affecting the eligibility of a selected Tenant; and
- (i) any material change to Developer's Application to TCAC, which shall not occur without City's prior consent, which consent shall not be unreasonably withheld.

1503. Further Assurances. Developer and City shall each execute and acknowledge (or cause to be executed and acknowledged) and deliver to the other party all documents, and take all actions, reasonably required by the other party from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents, to protect and further the validity, priority and enforceability of the Regulatory Agreement, City Loan Deed of Trust, or otherwise to carry out the purposes of the Project Documents.

1504. Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of City to Developer, or any other claim by Developer against City, in connection with the Property or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's obligations under the Project Documents, or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

1505. Notices. All notices, demands, approvals and other communications provided for in the Project Documents shall be in writing and be delivered to the appropriate party at its address as follows:

If to Developer: Huntington Park 607, L.P.
c/o USA Huntington Park 607, Inc.
2440 Professional Drive

Roseville, California 95661
Attn: Geoff Brown

And:

Riverside Charitable Corporation
3803 E. Casselle Avenue
Orange, California 92869
Attn: Kenneth Robertson

And:

Oldtimers Housing Development LLC
3355 E. Gage Avenue
Huntington Park, California 90255
Attn: Irene Muro

And:

WNC Housing, L.P.
17782 Sky Park Circle
Irvine, California 92614-6404
Attn: Michael J. Gaber

If to City: City of Huntington Park
6550 Miles Ave
Huntington Park, California 90255
Attn: City Manager

With copies to:

Addresses for notice may be changed from time to time by written notice to all other parties. Written notice, demands and communications between City and Developer shall be deemed sufficient if dispatched by personal delivery, overnight delivery by a reputable courier service, or registered or certified mail, postage prepaid, return receipt requested to the principal offices of City and Developer, the addresses of which are hereinafter set forth. Such written notices, demands and communications may be sent in the manner prescribed to each other's addresses as either party may, from time to time, designate by mail, or the same may be delivered in person to representatives of either party upon such premises. Notices herein shall be deemed received and effective upon: (i) if personally delivered, the date of delivery to the address of the person to receive such notice; (ii) if mailed, the date of delivery or refusal to accept delivery indicated in the certified or registered mail receipt; or (iii) if given by courier service, the date of delivery evidenced by the receipt for delivery provided by the courier service.

1506. Survival of Representations and Warranties. All representations and warranties in the Project Documents shall survive the conveyance of the Property and have been or will be relied on by City notwithstanding any investigation made by City.

1507. No Third Parties Benefited. This Agreement is made for the purpose of setting forth rights and obligations of Developer and City, and no other person shall have any rights hereunder or by reason hereof.

1508. Binding Effect; Assignment of Obligations. This Agreement shall bind, and shall inure to the benefit of, Developer and City and their respective and permitted successors and assigns. Except as otherwise permitted pursuant to Section 1401.1 above, Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of City Manager, which consent may be withheld in the City Manager's sole and absolute discretion. Any such assignment without such consent shall, at City's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that City relied upon Developer's particular expertise in entering this Agreement and continues to rely on such expertise to ensure the satisfactory completion of the Project.

1509. Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns of Developer, as applicable, and as herein provided. .

1510. Counterparts. Provided that the written approval of City Manager is first obtained, any Project Document, other than the City Loan Note, may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

1511. Prior Agreements; Amendments; Consents; Integration. This Agreement (together with the other Project Documents) contains the entire agreement between City and Developer with respect to the Property, and all prior negotiations, understandings and agreements are superseded by this Agreement and such other Project Documents. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes pages 1 through _____ and Attachment Nos. 1 through _____, which constitutes the entire understanding and agreement of the parties.

1512. Waivers. All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of City and Developer, and all amendments hereto must be in writing by the appropriate authorities of City and Developer.

1513. Governing Law. All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California and applicable Federal Program Limitations. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Los Angeles or the United States District Court of the Central District of California, as City may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Agreement or the other Project Documents. Developer also waives any objection regarding personal or in rem jurisdiction or venue.

1514. Severability of Provisions. No provision of this Agreement or of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of this Agreement and the Project Documents are hereby declared to be severable.

1515. Headings. Article and Section headings included in this Agreement, the Attachments, and any Project Documents are for convenience of reference only and shall not be used in construing such documents.

1516. Conflicts. In the event of any conflict between the provisions of this Agreement and those of the City Loan Note or the Regulatory Agreement, the provisions of the City Loan Note and the Regulatory Agreement shall prevail; however, in the event of a conflict between the provisions of this Agreement and any other Project Document, this Agreement shall prevail. Notwithstanding the foregoing, with respect to any matter addressed in both this Agreement and any other Project Document, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

1517. Time of the Essence. Time is of the essence in this Agreement and in all of the other Project Documents.

1518. Conflict of Interest. No member, official or employee of City shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement that is prohibited by law.

1519. Warranty Against Payment of Consideration. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

1520. No liability of City and Developer Officials and Employees. No member, official, director, officer, board official, or employee of any party to this Agreement shall be personally liable to any other party, or any successor in interest of any other party, in the event of any default or breach by the party or for any amount which may become due to the other party(ies) or successor, or on any obligation under the terms of this Agreement.

1521. Broker's Commissions. No broker was contracted with in connection with the City Loan. Developer and Seller have engaged a broker in connection with Developer's acquisition of the Property; however, City shall not be liable for any real estate commissions or brokerage fees that may arise from this Agreement or the Escrow. Developer represents to City that other than as disclosed above in this Section 1420, it has engaged no broker, agent, or finder in connection with this transaction, and Developer agrees to hold City harmless from any claim by any broker, agent or finder retained by Developer. City acknowledges that City has not engaged any broker, agent, or finder in connection with this transaction, and City agrees to hold Developer harmless from any claim by any broker, agent or finder retained by City.

1522. City Approvals and Actions through City Manager. City shall maintain authority of this Agreement and the authority to implement this Agreement through City Manager. City Manager shall have the authority to issue interpretations, waive provisions,

and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not materially or substantively change the uses or development planned and required on the Property, or add to the costs incurred or to be incurred by City as specified herein, and such interpretations, waivers and/or amendments may include extensions of time to perform as specified in the Schedule of Performance. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council.

1523. Implementation of Agreement and the Project. The parties acknowledge that, due to the long term nature of the Project, it may be necessary and/or appropriate at some time in the future, or from time to time, for the parties to enter into one or more implementation agreement(s) or to otherwise execute additional documentation to clarify and implement the provisions of this Agreement and provide for the incorporation of additional or different funding and/or financing sources for the development and operation of the Project, as may become necessary or appropriate for the successful development of the Project and implementation of this Agreement. Each party agrees to cooperate in good faith to negotiate and enter into such implementation agreement(s) for the Project as may be determined to be reasonably necessary and/or appropriate by Developer or City Manager, in either of their reasonable discretion.

1524. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

1525. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

1526. Non-Recourse Obligation. In the event of any Default under the terms of this Agreement or any of the other Project Documents, the sole recourse of City for any such Default shall be Developer's interest in the Property and the Project and Developer and its partners and Affiliates shall not be personally liable for the payment of any obligations under this Agreement; provided, however, that the foregoing shall not in any way affect any rights City may have hereunder, or any right of City to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by City as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by City in connection therewith (including without limitation reasonable attorneys' fees and costs).

1527. City Parking Area. The parties hereto agree and acknowledge that the City has a perpetual easement over the parking area located on the first floor of the Property (the "City Parking Area") and that the City is solely responsible for the use, maintenance and operation of the City Parking Area except as otherwise provided of in the agreement creating said easement. Any and all representations, warranties and/or indemnifications set forth in this Agreement or any other loan documents regarding the Property shall specifically exclude the City Parking Area.

1528. Extended Use Agreement. Notwithstanding anything to the contrary contained in the Loan Documents, the City agrees that the lien created under the Loan Documents 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 Project, provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under the Mortgage/Deed of Trust or upon a transfer of the Project by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

IN WITNESS WHEREOF, the parties hereto have caused this Affordable Housing Agreement to be executed on the dates hereinafter respectively set forth.

DEVELOPER:

Huntington Park 607, L.P.,
a California limited partnership

By: Riverside Charitable Corporation,
a California nonprofit public benefit
corporation,
its managing general partner

By: _____
Kenneth Robertson, President

By: Oldtimers Housing Development LLC,
a California limited liability company
its supervising general partner

By: Oldtimers Housing Development
Corporation - IV, a California
nonprofit public benefit corporation,
its manager

By: _____

Its: _____

By: USA Huntington Park 607, Inc.,
a California corporation,
its administrative general partner

By: _____
Geoffrey C. Brown, President

[Signatures continue on following page.]

[Signatures continue from previous page.]

CITY:

CITY OF HUNTINGTON PARK

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

Special Counsel to City

DEFERRED PAYMENT REHABILITATION LOAN SECURED BY DEED OF TRUST

PROMISSORY NOTE
(Hereinafter referred to as this "Note")

Date: April 1, 2013

Amount: \$1,900,000

Lender Reference: Huntington Plaza Apartments

For value received, the undersigned **HUNTINGTON PARK 607, L.P.** (hereinafter, "BORROWER"), for the property ("PROPERTY") located at: **6330 Rugby Avenue, Huntington Park, CA 90255** acknowledges receiving a deferred loan amount and hereby promises to pay, in lawful money of the United States, to the City of Huntington Park (hereinafter, "LENDER") at the following address: **6650 Miles Avenue, Huntington Park, CA 90255**, or at such other place as the Lender may from time to time designate by written notice to the Borrower(s), the principal sum of up to **One Million Nine Hundred Thousand Dollars (\$1,900,000)**. The principal balance of this Note shall bear three (3%) percent simple interest.

TERMS:

1. **Borrower's Acknowledge(s) and Agrees:** The Loan is subject to the terms, conditions and restrictions of the AFFORDABLE HOUSING AGREEMENT (the "AHA"), between Lender and Borrower, dated on or about the date hereof and relating to the Property.
2. **Disbursement of Loan Proceeds:** Lender shall disburse the loan proceeds in accordance with procedures established under the AHA and documents relating thereto. The occurrence of a default or the failure of Borrower to comply with the disbursement provisions described above may at Lender's election result in a termination or suspension of further funding of the loan in which case Lender shall not be liable for any damage, suit, cost, expense or other liability incurred by Borrower and Borrower shall indemnify, defend and hold Lender harmless therefrom.
3. **Term/Repayment of Loan Principal and Interest:** No periodic payments are required hereunder. This Note shall be for a term commencing upon the date hereof and continuing until the fifty-fifth (55th) anniversary of the date of the recordation of the Release of Construction Covenants for the Rehabilitation in the real property records (the "MATURITY DATE"). Interest shall accrue on this Note from the date of the initial disbursement of loan proceeds pursuant to the AHA until paid in full. Unless previously accelerated as provided in this Note or the AHA or any Project Documents, as defined in the AHA, now or hereafter existing, on the Maturity Date all outstanding principal and interest under this Note shall be due and payable with further notice, presentment or demand.
4. **Due on Transfer:** If a Transfer occurs with regard to the Property (as defined in the AHA) without the prior consent of Lender, Borrower agrees to repay the unpaid principal balance to the Lender.

Transfer shall mean if at any time in the event that the Property or any part thereof or interest therein or direct or indirect interest in Borrower shall be sold, conveyed,

disposed of, alienated, hypothecated, leased (except to occupants under space leases), assigned, pledged, mortgaged, further encumbered (except for the Bond Loan, as defined in the AHA) or otherwise transferred or Borrower shall be divested of its title to the Property or any interest therein, in any manner or way, whether voluntarily or involuntarily, by operation of law or otherwise. Also Transfer shall include:

- (i) in the event either Borrower or any of its shareholders, general partners or members is a corporation or trust, the direct or indirect sale, conveyance, transfer or disposition, alienation, hypothecation, or encumbering of more than 10% of the issued and outstanding capital stock of Borrower or any of its shareholders, general partners or members or of the beneficial interest of such trust (or the issuance of new shares of capital stock in Borrower or any of its shareholders, general partners or members so that immediately after such issuance, in one or a series of transactions, the total capital stock then issued and outstanding is more than 110% of the total immediately prior to such issuance); and
- (ii) in the event Borrower or any shareholder, general partner or managing member of Borrower is a limited or general partnership, a joint venture or a limited liability company, a change of any general partner, joint venturer, limited liability company manager or managing member or a change in the ownership interests in any general partner, joint venturer, limited liability company manager or managing member, either voluntarily, involuntarily or otherwise, or the sale, conveyance, transfer, disposition, alienation, hypothecation or encumbering of all or any portion of the interest of any shareholder, general partner, joint venturer, limited liability company manager or managing member in Borrower or such shareholder, general partner, joint venturer, limited liability company manager or managing member (whether in the form of a beneficial or ownership interest or in the form of a power of direction, control or management, or otherwise); and
- (iii) any change or transfer in respect of the Property or any interest therein, or any direct or indirect change or transfer in Borrower or any interest therein, resulting in any change in the management or control of Borrower or the Property.

This Section 4 shall not apply to an Approved Transfer under Section 1401.1 of the AHA.

5. **Security Interest:** Borrower hereby grants to the Lender a security interest in the Property to secure the Borrower's obligations under this Note. Borrower also grants to the Lender a security interest in any interest the Borrower may have in premium refunds or proceeds under any insurance covering the property and in any payments received on account of a condemnation or threat of condemnation of all or any part of the Property. Borrower further agrees to execute a Deed of Trust necessary to perfect the Lender's security interest in the Property.
6. **Protection of the Property:** Borrower with respect to the Property: (a) keep it in good condition and repair; (b) not commit waste on it; (c) not use it for any unlawful purposes; (d) pay all taxes, assessments, encumbrances and insurances due for the Property; (e) permit Lender and/or Lender's representative to inspect it at any reasonable time and upon reasonable notice.

7. **Events of Default:** Any of the following shall constitute an event of default under this Note (subject to all applicable notice and cure periods set forth in the AHA):
 - (a) A Transfer of the Property occurs in violation of this Note.
 - (b) Borrower fails to perform any obligation set forth in this Note which is not cured within ten days after written notice thereof is given by Lender.
 - (c) Borrower fails to pay taxes, insurance or other financial obligations associated with this Property prior to their delinquency date.
 - (d) Any of the Borrower's representations or warranties in this Note or in Borrower's application for the loan, the AHA and any documents or agreements relating thereto, shall prove to have been untrue in any material respect when made, or the Borrower concealed any material fact from the Lender.
 - (e) A default shall occur under the AHA or any Project Documents, as defined in the AHA, now or hereafter existing, which is not cured within any applicable cure periods, if any.
8. **Late Charge:** If any amount payable under this Note or under any instrument or agreement related to this Note (the "Other Loan Documents") is not received by Lender when such amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event, such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5.0%) of such amount (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted) except for the payment due on the Maturity Date. While Lender may not have given a notice of default and opportunity to cure as described in section 7 above or in any Other Loan Documents, for purposes of this section, a late charge will still be due and owing. Any accrued but unpaid late charges shall at Lender's election be added to and become part of the unpaid principal balance of this Note, shall bear interest at the rate or rates specified in this Note, and shall be secured by the security instruments securing the payment of this Note. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment, and such late charge shall be deemed liquidated damages and not additional interest or a penalty. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate as described below. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, and shall not act as a waiver of any other rights that Lender may have as provided herein, in the Other Loan Documents, or at law or in equity.
9. **Default Rate.** So long as (a) any monthly installment under this Note remains past due, or (b) any other default under this Note has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the

due date of the first unpaid monthly installment or the occurrence of such other default, as applicable, at a rate per annum (the "Default Rate") equal to the highest rate permitted at law. While Lender may not have given a notice of default and opportunity to cure as described in section 7 above or in any Other Loan Documents, for purposes of this section, a default interest will still be due and owing. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate and no further notice shall be required. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment under this Note is delinquent, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent or any other default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate as provided above represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

10. Remedies: In the event of default under this Note, Lender may:

- (a) Declare all sums secured by this Note immediately due and payable. Failure of the Lender to exercise this option to accelerate payment will not constitute waiver of the right to exercise this option in the event of subsequent cause for acceleration.
- (b) Incur expenses, including reasonable attorney's fees and legal expenses, to exercise any right or power under this note, which expenses shall in the discretion of Lender be reimbursed either by being added to the principal sum of this Note or payable by Borrower upon demand by Lender.
- (c) Take action to dispose of the Property and apply the proceeds of the disposition, first to reimburse Lender for any costs, expense or liability incurred by lender in connection with or arising from this Note, the AHA or any Project Documents, now or hereafter existing (regardless of whether incurred before or after the occurrence of a default), including without limitation, reasonable attorney's fees and legal expenses, advances to protect or restore the Property, actions to cure defaults by Borrower under other agreements or obligations which may affect the Property; second to pay the Prepayment Premium, described below; third to pay any outstanding interest; and fourth to pay outstanding principal under this Note.

11. Place and Manner of Payments: All amounts due and payable under this Note are payable at the principal office of the Lender as set forth above, or at such other places as the Lender designates to the Borrower in writing from time to time.

12. **Prepayment of Policy:** Borrower may prepay this Note at any time prior to its maturity date whether voluntarily or involuntarily by operation of law or otherwise.
13. **Governing Law:** This Note shall be construed in accordance with and be governed by the laws of the State of California.
14. **Severability:** If any provision of this Note 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.
15. **No Waiver by the Lender:** No Waiver of any breach, default or failure of condition under the terms of this Note shall thereby be implied from any failure of the Lender to take, or any delay by the Lender in taking action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure: and waiver of any term of the Note or any obligations secured thereby must be made in writing and shall be limited to express written terms of such waiver.
16. **Successors and Assignees:** The promises and agreements herein contained shall bind and inure to the benefit of, as applicable, the respective heirs, executors, administrators, successors and assignees of the parties.
17. **The Undersigned promise to notify:** The undersigned promise to notify in writing Lender upon the occurrence of any default by Borrower under any other obligations pertaining to the Property, any known violations of law regarding the Property, any damage or destruction to the Property affecting 20% or more of the floor area of the improvements located at the Property or having an estimated repair cost of \$500,000 or more.
18. **Non-Recourse Obligation:** In the event of any default or Event of Default under the terms of this Agreement or any of the other Project Documents, the sole recourse of Lender for any such default or Event of Default shall be Borrower's interest in the Property and the Project and Borrower and its partners and Affiliates shall not be personally liable for the payment of any obligations under this Agreement; provided, however, that the foregoing shall not in any way affect any rights Lender may have hereunder, or any right of Lender to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by Lender as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by Lender in connection therewith (including without limitation reasonable attorneys' fees and costs).
19. **Subordination:** 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 Multifamily Note in the maximum principal amount of \$10,500,000 (the "Senior Loan"), executed by Borrower and payable to California Statewide Communities Development Authority and assigned to CITIBANK, N.A. ("Senior Lender") to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated on or about the date hereof, 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. The Lender agrees and acknowledges that the Senior Loan shall have a balloon payment upon maturity and Lender hereby agrees to further subordinate the indebtedness evidenced by this Note to any new loan Borrower obtains to repay the Senior Loan upon maturity.

If more than one Borrower executed this Note, the obligations hereunder are joint and several. All words used herein in the singular shall be deemed to have been used in the plural when context and construction so require. With the execution of the Note, a Deed of Trust shall be recorded by the Lender in the office of Los Angeles County Recorder.

Executed as of the dates set forth above at Huntington Park, California.

Huntington Park 607, L.P.,
a California limited partnership

By: Riverside Charitable Corporation,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Kenneth Robertson, President

By: Oldtimers Housing Development LLC,
a California limited liability company,
its supervising general partner

By: Oldtimers Housing Development Corporation - IV,
a California nonprofit public benefit corporation,
its manager

By: _____
Its: _____

By: USA Huntington Park 607, Inc.,
a California corporation,
its administrative general partner

By: _____
Geoffrey C. Brown, President

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:

City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255
Attn: Housing and Community Development Manager

Exempt from recording fees pursuant to Gov. Code Sec. 6103

(Space Above Line for Recorder's use)

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (as amended from time to time, "Agreement") is executed as of April 1, 2013 by and between the **CITY OF HUNTINGTON PARK**, a municipal corporation (including its successors and assigns, the "City"), and **HUNTINGTON PARK 607, L.P.**, a California limited partnership (including its successors and assigns, "Owner"), with reference to the following:

A. The City and the Owner have entered into that certain Affordable Housing Agreement dated as of April 1, 2013 (the "Affordable Housing Agreement") pursuant to which the City has agreed to provide certain financial assistance to the Owner in the form of a loan in the amount of One Million Nine Hundred Thousand Dollars (\$1,900,000) (the "Loan") in order to assist Owner to acquire and rehabilitate that certain property located at 6330 Rugby Avenue, Huntington Park, CA, described in more detail on EXHIBIT A attached hereto and made a part hereof ("Site"), which site is improved with a 184-unit affordable, age-restricted apartment building and two-level parking structure with the residential units ("Project").

B. In connection with the receipt of the Loan, the Owner has agreed to certain rental and income restrictions for certain of the residential units in the Project as more fully set forth herein.

NOW THEREFORE, in consideration of the representations, covenants, and obligations of Owner contained in this Agreement, Owner, on behalf of itself and its successors and assigns, hereby covenants and agrees as follows:

100. DEFINITIONS.

Unless otherwise expressly provided, all defined terms used in this Agreement shall have the defined meanings provided for in the Affordable Housing Agreement. In addition to terms which are defined elsewhere in this Agreement the following terms shall have the following meanings:

"Affordable Housing Agreement" means that certain Affordable Housing Agreement dated April 1, 2013, between the City and Owner regarding the residential housing element of the Site.

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

“Affordable Rent” or “Affordable Housing Cost” shall mean the maximum amount of monthly Rent (not including any Section 8 subsidy received for the Project) to be charged by Owner and paid by the 50% AMI Very Low Income Households and 60% AMI Low Income Households occupying the Housing Units at the Project, which shall be determined and calculated in accordance with Section 303 hereof.

“AMI” and “Area Median Income” shall mean the area median income for Los Angeles County, California, as published annually by TCAC.

“Business Day” means any day that Huntington Park City Hall is open for business. As of the date of this Agreement, City Hall is closed Friday through Sunday, and on all State and Federal holidays.

“Applicable Governmental Restrictions” shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located and any other applicable federal, state and local laws. Owner shall indemnify, defend and hold the City harmless for any suit, cost, attorneys’ fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of Owner’s failure to comply with any Applicable Governmental Restrictions.

“Housing Unit” or “Housing Units” means the one hundred and eighty-four (184) individual apartment units at the Site.

“HUD” shall mean the United States Department of Housing and Urban Development.

“Rent” shall mean the total of monthly payments by the tenants of a Housing Unit for use and occupancy for the Housing Unit and facilities associated therewith, including a reasonable allowance for utilities for an adequate level of service as defined in Title 25 California Code of Regulations §6918 and 24 CFR §92.252(d) as a HUD Utility Schedule Model or utility allowance for the project based on the type of utilities used at the project.

“Tax Credit Rules” means the provisions of Section 42 of the Internal Revenue Code of 1986, as the foregoing may be amended from time to time, and the rules and regulations implementing the foregoing.

“TCAC” means the California Tax Credit Allocation Committee, the allocating agency for Tax Credits in California.

“50% AMI Very Low Income Households” shall mean those households earning not greater than fifty percent (50%) of Los Angeles County Area Median Income, adjusted for household size, which is set forth by regulation of TCAC.

“60% AMI Low Income Households” shall mean those households earning not greater than sixty percent (60%) of Los Angeles County Area Median Income, adjusted for household size, which is set forth by regulation of TCAC.

200. **TERM.**

This Agreement shall expire on fifty-five (55) years from the date the rehabilitation work required pursuant to the Affordable Housing Agreement is completed, and the Project is ready for occupancy (“Term”).

300. **USE OF THE SITE.**

301. **Selection of Tenants.** Owner shall be responsible for the selection of tenants for the Housing Units in compliance with all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by City pursuant to this Agreement. Preference shall be given for occupancy of the Housing Units that are not subject to project based Section 8 assistance to (i) tenants who currently reside within the City, or who currently work in the City, or who have been displaced by activities of the City of Huntington Park and (ii) eligible tenants on the City’s tenant waiting list who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria, to the extent authorized by applicable federal, state or local laws or regulations.

302. **Income and Occupancy Restrictions.** As included in the annual income certification provided by Owner or as otherwise reasonably requested by City, Owner shall make available for City Manager’s review such information as Owner has reviewed and considered in its selection process, together with the statement by Owner that Owner has determined that each selected tenant will comply with all applicable terms and conditions of this Agreement in each tenant’s occupancy of a Housing Unit, including without limitation, that each corresponding household satisfies the income eligibility requirements, Affordable Rent requirements, and other requirements of this Agreement.

In this regard, Owner covenants and agrees that (i) each tenant (other than the on-site Property Manager(s)) shall and will be a 50% AMI Very Low Income Household, a 60% AMI Low Income Household, and (ii) the cost to each tenant household (other than the on-site Property Manager) for the corresponding Housing Unit on the Property shall be at and within the defined Affordable Rent for the applicable 50% AMI Very Low Income Household or 60%

AMI Low Income Household, and (iii) the occupancy and use of the Property shall comply with all other covenants and obligations of this Agreement (collectively, "Tenant Selection Covenants").

302.1 Owner covenants that:

(i) Seventy-five (75) of the one (1) bedroom Housing Units at the Project shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent;

(ii) Eighteen (18) of the two (2) bedroom Housing Units at the Project shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent;

(iii) Seventy-Two (72) of the one (1) bedroom Housing Units at the Project shall be occupied by 60% AMI Very Low Income Households at an Affordable Rent;

(iv) Seventeen (17) of the two (2) bedroom Housing Units at the Project shall be occupied by 60% AMI Very Low Income Households at an Affordable Rent;

(v) Two (2) two (2) bedroom Housing Unit at the Project shall be occupied by an on-site property manager. The on-site manager is not required to income qualify as a 50% AMI Very Low Income Household or 60% AMI Very Low Income Household; nor shall the monthly housing payment charged for the on-site manager's Housing Unit be restricted to an Affordable Rent, nor shall Owner be required to comply with any other requirements set forth in this Agreement relating to the income or other Tenant Selection Covenants when selecting and retaining such on-site manager.

303. Affordable Rent.

303.1 Maximum Monthly Rent Paid by Tenant. The maximum monthly Rent chargeable for the Housing Units shall be annually determined in accordance with the Tax Credit Rules, pursuant to the following formulas:

(i) The Affordable Rent for the Housing Units to be rented to 50% AMI Very Low Income Households shall not exceed one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

(ii) The Affordable Rent for the Housing Units to be rented to 60% AMI Very Low Income Households shall not exceed one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

303.2 For purposes of this Agreement, "Affordable Rent" means the total of monthly payments for (a) use and occupancy of each Housing Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by Owner which are required of all tenants, other than security deposits, (c) a reasonable allowance for an

adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, or cable TV or internet services, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Owner.

304. Rent Schedule and Utility Allowance. City will review and approve or disapprove the Affordable Rents proposed by Owner for all of the Housing Units together with the monthly allowances proposed by Owner for utilities and services to be paid by the tenant to ensure said Affordable Rents and allowances have been properly calculated in accordance with Section 303 hereof, within 5 Business Days of receipt thereof. Owner must annually reexamine the income of each tenant household living in the Housing Units annually in accordance with the terms of this Agreement. The maximum monthly rent must be recalculated by Owner and reviewed and approved by City annually within 5 Business Days of receipt thereof, and may change as changes in the applicable gross Rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in Rents for the Housing Units is subject to the provisions of outstanding leases. Owner must provide all tenants not less than thirty (30) days prior written notice before implementing any increase in Rents. If the City does not furnish Owner with notice of approval or disapproval within such five (5) Business Day period, Owner may provide to City a second written request therefor which indicates in bold 18 point text "Response required; request will be deemed approved if the City does not respond within five (5) Business Days". If the City does not furnish Owner with a written response within five (5) Business Days after City's receipt of the second written request, then City shall be deemed to have approved such Affordable Rents.

305. Increases in Tenant Income. A tenant who qualifies as a 50% AMI Very Low Income Household, a 60% AMI Very Low Income Household prior to occupancy of a Housing Unit in compliance with the Agreement shall be deemed to continue to be so qualified until such time as the annual re-verification of such tenant's income demonstrates that such tenant no longer qualifies as a 50% AMI Very Low Income Household or a 60% AMI Very Low Income Household, as applicable. A tenant occupying a Housing Unit whose income increases, causing that tenant household to cease to be income qualified in the same category shall, if that tenant household continues to qualify in a higher income category provided for under this Agreement, be deemed to so qualify and the Housing Unit occupied by such tenant household shall be counted towards Owner's obligation to provide a Housing Unit for households in such income category. A tenant household whose income increases such that such tenant household ceases to be income qualified to occupy any Housing Unit at the Project, may continue to occupy his Housing Unit and be charged rent including a reasonable utility allowance, not greater than the lesser of thirty percent (30%) of the household's adjusted monthly income, recertified annually, or the market rent applicable to the Housing Unit as published by HUD.

306. Conflicts between Restrictions. Owner agrees to comply with the income, rent, and occupancy restrictions imposed by senior and junior encumbrances on the Site and by the California Tax Credit Allocation Committee ("CTCAC"), if applicable. If there is a conflict between the requirements of the senior and junior encumbrances, CTCAC and/or this Agreement or the Affordable Housing Agreement, the most restrictive requirement will prevail.

307. Senior Project. The residential portion of the Project shall be operated exclusively as senior citizen housing, in which all Assisted Units shall be occupied only by persons who are a "senior citizen" or "qualified permanent resident" as defined by California Civil Code Section 51.3.

400. **TENANT SELECTION PROCESS.**

401. Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the City to monitor compliance with the tenanting requirements described in the Affordable Housing Agreement.

402. Rental Application. Owner shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such tenant as may be reasonably required by the City to certify such tenant's qualification for occupancy of the Project.

403. Selection of Tenants. Owner shall be responsible for the selection of tenants for the Housing Units in compliance with the provisions of this Agreement, and all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by City pursuant to this Agreement. Preference shall be given for occupancy of the Housing Units that are not subject to project based Section 8 assistance to (i) tenants who currently reside within the City, or who currently work in the City, or who have been displaced by activities of the City or activities of the former Redevelopment Agency of the City of Huntington Park and (ii) eligible tenants on the City's tenant waiting list who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria, to the extent authorized by applicable federal, state or local laws or regulations.

500. **RESTORATION OF COVENANTS.**

If, prior to the expiration of the Term (as same may be extended) of this Agreement, the provisions of this Agreement are subjected to a foreclosure or deed in lieu of foreclosure or similar action by the holder of a lien on the Site that is senior in priority to the obligations under this Agreement, then the provisions of this Agreement and any amendments hereto, shall revive and be in full force and effect if the Owner or any affiliate of Owner shall obtain a direct or indirect ownership interest in all or any part of the Site. An "affiliate" shall mean with respect to the Owner or any successor thereto, any other person, trust, company, association or entity (a "Person") which directly or indirectly controls, is controlled by, or is under common control with the Person in question. For the purposes of the foregoing definition, "controls" (and the correlative terms "controlled by" and "under common control with") means possession by the applicable Person of the power to direct or cause the direction of the management and policies thereof, whether through ownership interests, by contract, by court order, by operation of law, by statute or otherwise, including, without limitation, the power to elect or appoint the executive officers, managers or general partners of an entity or the trustees of a trust. "Affiliate" shall also include, without limitation, relatives of any natural person. Owner hereby authorizes City and its representatives to re-record a copy of this Agreement or record a memorandum of this

Agreement confirming the revival of the provisions of this Agreement in the applicable real estate records for the Site, in the event the provisions of this Agreement are revived.

600. **MANAGEMENT OF PROJECT.**

601. Management Plan. Owner shall at all times during the Term of this Agreement manage the Project in accordance with the Affordable Housing Agreement and the approved Management Plan. Owner shall prepare and submit to the City Manager for review and approval an updated and supplemented management plan which includes a detailed plan and strategy for long term operation, maintenance, repair, security, social/supportive services for, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and other rental and operational policies for the Project ("Management Plan"). City Manager approval of the Management Plan shall not be unreasonably withheld or delayed. Subsequent to approval of the Management Plan by the City Manager the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. Owner and its property manager may from time to time submit to the City Manager proposed amendments to the Management Plan, which are also subject to the prior written approval of the City Manager.

602. Quality Standards. Owner shall use the Site solely for the purpose of operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement and the Affordable Housing Agreement.

603. No Nuisance. Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Owner, that, Owner and its successors and assigns shall not maintain, commit, or permit the maintenance or existence on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

700. **LEASES; RENTAL AGREEMENTS FOR HOUSING UNITS.**

701. Owner shall submit a standard lease form, which shall comply with all requirements of this Agreement, to City for approval. City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement, within 5 Business Days of receipt thereof. Owner shall enter into a written lease, in the form in material compliance with the form approved by City, with each tenant/tenant household of the Project. No lease shall contain any of the provisions that are prohibited and shall be for a period of not less than 6 months.

800. **FAILURE OF OWNER TO PERFORM OBLIGATIONS.**

801. Deficiency Notice. In the event Owner fails to perform its obligations under this Agreement with regard to the care and maintenance of the project then, in addition to any other rights available to City under applicable laws, City may give Owner (i) written notice to Owner stating that Owner has breached its care and maintenance obligations and specifying the deficiencies and the actions required to be taken by Owner to cure the deficiencies ("Deficiency

Notice"); and (ii) the lapse of the applicable "Cure Period," as hereinafter defined. Upon receipt of the Deficiency Notice, Owner shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency is not capable of being cured within such thirty (30) day period, then such amount of time as is needed to cure such deficiency provided Owner is diligently pursuing cure; provided however, if the Deficiency Notice states the problem is urgent relating to public health and safety, then Owner shall have forty-eight (48) hours to rectify the problem (collectively the "Cure Periods").

802. City Actions. In the event Owner fails to correct, remedy, or cure such deficiency after the Deficiency Notice and after the applicable Cure Period has lapsed, then the City shall have the right to maintain such improvements. Owner agrees to pay the City, upon demand, charges and costs incurred by the City in connection with such maintenance. Until so paid, the City shall have a lien on the Site for the amount of such maintenance charges and costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any lease or sublease of the interest of Owner in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of the City created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, or record, to such lien. No lien in favor of the City created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed herein by the City that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the City and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the City to reimburse the City for the cost of undertaking such maintenance obligations of Owner and its successors and the lien for such charges shall be apportioned among the owners of the various portions of the Site under different ownerships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned by the owner who is liable for the apportioned lien and against no other

portion of the Site. Owner acknowledges and agrees the City may also pursue any and all other remedies available in law or equity. Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

900. OWNER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

901. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Owner shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

1000. COVENANTS RUN WITH THE LAND; DURATION OF COVENANTS.

The covenants and agreements established in this Agreement, as amended from time to time, shall be covenants running with the land and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Site, or any part thereof, for the benefit of and in favor of the City and its successors and assigns. The covenants of this Agreement shall remain in effect through the Term. The covenants contained in Section 900 of this Agreement shall remain in effect in perpetuity.

1100. ENFORCEMENT.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the City and its successors and assigns, shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the City for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation, by operation of law, or otherwise. Each covenant in favor of the City is for the benefit of the real property owned by the City in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. The City shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. Except for the City, the covenants and restrictions contained in this Agreement shall not benefit or be enforceable by any owner of any other real property or any person or entity having any interest in any such other real property.

1200. COMPLIANCE WITH LAW.

Owner shall comply with all Applicable Governmental Restrictions relating to the uses of or condition of the Site private improvements and public improvements to the curbline(s) of the Site. Local laws for the purposes of this paragraph shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Owner shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

1300. INDEMNIFICATION AND INSURANCE.

1301. Public Agencies. The City, its departments, and its elected and appointed officers, officials, representatives, employees, and agents are hereinafter collectively referred to as "Public Agencies".

1302. Indemnification. Owner agrees to indemnify, defend (with counsel approved by the City), and hold harmless the Public Agencies from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorneys' fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Liabilities"), that arise (by negligence, intentional act, statute or otherwise) out of pertain to, or relate to the Project, Site or this Agreement and/or the transactions contemplated by this Agreement including but not limited to, the occupancy, use, ownership or development of the Site; or any services and/or materials provided pursuant to this Agreement. Owner shall not be required to indemnify, defend, and hold harmless the Public Agencies from any Liabilities that arise from the sole gross negligence or willful misconduct of the Public Agencies, Public Agencies' agents, servants, or independent contractors who are directly responsible to the Public Agencies. Such indemnification language shall also be incorporated in Owner's contracts with entities that Owner has contracted with for purposes of this agreement in favor of the Public Agencies, however Public Agencies may waive this requirement in the event that such contracts were entered into prior to the execution of this Agreement.

1303. Insurance. Without limiting Owner's indemnifications of the Public Agencies provided in this Agreement, Owner and/or the entities with which Owner contracts, shall procure and maintain at their own expense the insurance described in the Affordable Housing Agreement for the duration of this Agreement.

1400. WAIVER.

The waiver by City of the performance of any covenant, condition, or promise by Owner shall not invalidate this Agreement nor shall it be considered a waiver by City of any other covenant,

condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies the City may have at law or at equity.

1500. MISCELLANEOUS PROVISIONS.

1501. Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose. Time is of the essence of this Agreement. Any defined term used in the plural in this Agreement shall refer to both the singular and the plural form thereof. Any provision herein or defined term used that refers to the masculine shall also refer to the feminine, and any provision herein or defined term used that refers to the feminine shall also refer to the masculine. Any reference in this Agreement to any other document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections, Exhibits, Paragraphs and Attachments shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same section in which the reference appears except as otherwise noted. The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms "including" and "include" mean "including (include) without limitation".

1502. Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Owner and the City or their respective successors and assigns.

1503. Severability. Invalidation of any of the covenants, conditions, restrictions, or other provisions contained in this Agreement by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, which shall remain in full force and effect.

1504. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California and applicable Federal program limitations. Owner irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Los Angeles or the United States District Court of the Central District of California, as City may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Agreement. Owner also waives any objection regarding personal or in rem jurisdiction or venue.

1505. Time of the Essence. Time is of the essence in the performance by Owner of its obligations under this Agreement.

1506. Warranty Against Payment of Consideration. Owner warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

1507. No Personal Liability of City, City Officials and Employees. No member, official, director, officer, board official, representative or employee of the City shall be personally liable to any other party, or any successor in interest of any other party, in the event of any default or

breach by the party or for any amount which may become due to the other party(ies) or successor, or on any obligation under the terms of this Agreement.

1508. Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of City to Owner, or any other claim by Owner against City, in connection with or arising from the Project, Site, any agreements related thereto or otherwise, Owner hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Owner's obligations under this Agreement, or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Owner of any of its obligations under this Agreement.

1509. Headings. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections or paragraphs.

1510. Notices. Formal notices, demands, and communications between the City and Owner shall be given either by personal service, by overnight courier, or by mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the principal offices of the City or Owner, as follows:

If to the City:	City of Huntington Park 6550 Miles Ave Huntington Park, California 90255 Attn: City Manager
With a copy to:	
If to Owner:	Huntington Park 607, L.P. c/o USA Properties Fund 2440 Professional Drive Roseville, California 95661 Attention: Geoffrey C. Brown
With a copy to:	Riverside Charitable Corporation 3803 E. Casselle Avenue Orange, California 92869 Attn: Kenneth Robertson
And:	Oldtimers Housing Development LLC 3355 E. Gage Avenue Huntington Park, California 90255

	Attn: Irene Muro
And:	WNC Housing, L.P. 17782 Sky Park Circle Irvine, California 92614-6404 Attn: Michael J. Gaber

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

1511. Exhibits. Each Exhibit mentioned in this Agreement is attached hereto and incorporated herein by this reference.

1512. Execution in Counterparts. The parties may execute this document in two or more counterparts; each counterpart shall be deemed an original instrument as against any party who has executed it.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City and Owner have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of date first written above.

CITY:

CITY OF HUNTINGTON PARK
a municipal corporation

By: _____

APPROVED AS TO FORM:

By: _____
Deputy Special Counsel to City

OWNER:

Huntington Park 607, L.P.,
a California limited partnership

By: Riverside Charitable Corporation,
a California nonprofit public benefit
corporation, its managing general partner

By: Kenneth Robertson, President

By: Oldtimers Housing Development LLC,
a California limited liability company, its
supervising general partner

By: Oldtimers Housing Development
Corporation - IV, a California
nonprofit public benefit corporation,
its manager

By: _____

Its: _____

By: USA Huntington Park 607, Inc.,
a California corporation,
its administrative general partner

By: Edward R. Herzog,
Chief Financial Officer

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 20____, before me _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 20____, before me _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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Signature

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

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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

EXHIBIT A TO REGULATORY AGREEMENT

LEGAL DESCRIPTION OF SITE

Real property in the City of Huntington Park, County of Los Angeles, State of California, described as follows:

PARCEL 1 OF PARCEL MAP NO. 22951, IN THE CITY OF HUNTINGTON PARK, AS SHOWN ON MAP FILED IN BOOK 271 PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 6320-031-026

Recording Requested By
And When Recorded, Mail To:

City of Huntington Park
Community Development Department
6550 Miles Avenue
Huntington Park, CA 90255
Attn: Director of Community Development

Space Above This Line For Recorder's Use
Documentary Transfer Tax: \$0 R&T Code §11928

AGREEMENT REGARDING PARKING EASEMENT

CITY HOUSING-RUGBY ASSOCIATES, a California Limited Partnership ("Rugby") and THE CITY OF HUNTINGTON PARK, a municipal corporation ("City"), have entered into this Agreement Regarding Parking Easement Agreement ("Agreement") as of _____, 2013, in consideration of the following facts:

A. Rugby is the owner and holder of title to that certain real property (the "Property"), improved with a two level parking structure (the "Parking Structure") the second level of which is partially built out as commercial space, and above the parking structure a four level multi-family residential housing project (the "Residential Structure;" the Parking Structure and the Residential Structure being collectively referred to as the "Building"), located in the City of Huntington Park, County of Los Angeles, State of California, legally described as:

PARCEL 1 OF PARCEL MAP NO. 22951, IN THE CITY OF HUNTINGTON PARK, AS SHOWN ON MAP FILED IN BOOK 271 PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

B. By grant deed recorded with the Los Angeles County Recorder on September 7, 1990, as Instrument no. 90-1547153, Rugby's predecessor in interest conveyed to the City an exclusive and perpetual easement to use the entire parking structure to be built by the grantor, subject to its terms and conditions (the "Original Easement Grant"). The Original Easement Grant was later modified by a series of both recorded and unrecorded agreements including an unrecorded Modification and Restatement of Easement dated as of April 25, 1995, a Second Modification and Restatement of Easements, dated as of August 29, 1995, which was recorded with the Los Angeles County Recorder on August 31, 1995, as Instrument no. 95-1430046 and by an unrecorded Agreement Re Overflow Parking made on August 25, 1995 and by Modification of Easement Agreement, recorded with the Los Angeles County Recorder on September 2, 1998, as Instrument no. 98-1575610.

C. Concurrently with this Agreement, by Quitclaim Deed, the City is transferring all of its right, title and interest in and to the Property, the Parking Structure and the Building, except for the City's reservation of its parking easement for the first floor of the parking structure as described in more detail therein ("Reservation of Easement").

D. It is the intention of the parties that the Original Easement Grant, as since modified by both recorded and unrecorded agreements shall (i) be replaced and superseded by the Reservation of Easement, recorded with the Los Angeles County Recorder immediately prior to this Agreement and this Agreement and (ii) this Agreement and the provisions of the Quitclaim Deed shall henceforth describe the rights and obligations of the easement holder, land owner and the property burdened by such easement.

NOW, THEREFORE, IT IS MUTUALLY COVENANTED AND AGREED AS FOLLOWS:

1. **Description of Easement Area.** The Parking Easement covers the area legally described in EXHIBIT A and depicted in EXHIBIT B attached to the Quitclaim Deed. (the "Parking Easement Area").

2. **Use.** Rugby and City acknowledge and agree that City shall have a perpetual and exclusive easement to use the Parking Easement Area for operation and use as a parking garage facility and amenities related thereto including but not limited to maintenance facilities, security facilities, parking attendant facilities, pedestrian ingress and egress, maintenance and repair and incidental and temporary uses, including but not limited to use for television and movie location filming, staging area for and conduct of community activities, loading and unloading zone, and emergency services; provided that such uses shall not (a) materially interfere with the use of and access to the second floor of the Parking Structure or the Building by tenants of the Property, or (b) create a nuisance to those living in the Building, nor present a significant risk of injury or property damage.

3. **Maintenance of Parking Easement.** City shall be responsible for the maintenance and repair of the Parking Easement Area in a good and clean condition and repair, and in compliance with all applicable requirements of the City of Huntington Park and all other governmental agencies having or asserting jurisdiction over the property, including, without limitation, any and all paving, driveways, street and directional signs, removal of trash, rubbish and other refuse, and other similar activities normal and consistent with the requirements of similar easements. The City's obligation for maintenance and repair under this Section 1 shall include responsibility for compliance with the Americans with Disabilities Act. City shall not be responsible for (i) making, maintaining, repairing or replacing any structural elements of the Building or Property or building systems located within the Easement Area or otherwise, (ii) maintaining, repairing or replacing any utilities, conduits, pipes, wiring, equipment or other systems of improvements which serve or support the Property or Building excepting those which serve only the Parking Easement Area whose maintenance shall be the responsibility of City (collectively, "Utility Improvements").

4. **Reciprocal Easements.** City grants to Rugby a right to enter the Easement Area in order to repair, maintain or replace any structural elements or systems of the Building as well as any Utility Improvements which serve the Building other than the Easement Area. Rugby

grants City the right to enter the Building and Property outside of the Easement Area in order to repair or maintain the Easement Area. Access shall be at reasonable times, with reasonable prior notice, and in a manner and for such duration as to cause as little disturbance to the operations of the affected premises are as commercially reasonable. It shall be the responsibility of the party hereto which is performing such work to keep the property of the other free of mechanics and other liens and to obtain and maintain during the course of such work appropriate workers compensation insurance and liability insurance coverage for the person performing such work.

5. Damage by Rugby or City.

5.1 Notwithstanding anything contained in paragraph 3 to the contrary, if the Parking Easement Area or any part thereof is damaged due to the negligence or willful misconduct of Rugby, or its respective lessees, invitees, agents, independent contractors, employees or licensees, the repair of such damage shall be accomplished by Rugby as soon as reasonably possible following such damage, and the cost therefor shall paid entirely by Rugby.

5.2 Notwithstanding anything contained in paragraph 3 to the contrary, if the balance of the Building (excluding the Parking Easement Area) or any part thereof is damaged due to the negligence or willful misconduct of City, or its respective lessees, invitees, agents, independent contractors, employees or licensees, the repair of such damage shall be accomplished by City as soon as reasonably possible following such damage, and the cost therefor shall paid entirely by City.

6. Repair and Restoration.

6.1 Rugby shall maintain, repair, and replace any structural elements or Utility Improvements which are located within or support the Parking Easement and the Parking Easement Area.

6.2 If the Building is damaged or destroyed and Rugby elects to rebuild, repair or restore the Building then any damage to the Parking Easement Area shall be repaired or rebuilt.

6.3 If the Building is damaged or destroyed and Rugby does not repair or restore the Building, then City may at its own cost, take such actions as City considers necessary or reasonable to restore the Parking Easement, provided however, Rugby shall reimburse City for the reasonable costs incurred by City elects to rebuild, repair or restore, as the case may, all or any part of the Building.

6.4 If Rugby elects to reconstruct the Building, after damage to the Building or otherwise, Rugby shall rebuild the Parking Easement Area to substantially the same size and configuration existing as of the date of this Agreement, as part of such construction or reconstruction.

6.5 If the Building is damaged or destroyed and the Parking Easement cannot be used on account of such damage, such nonuse shall not terminate or modify the Parking Easement.

6.6 While the depiction of the Parking Easement in the Exhibits attached hereto may describe a given elevation for the Parking Easement Area, in the event damage or destruction occurs which requires the Parking Easement Area to be rebuilt, it is the intent of the parties that the floor of the Easement Area shall be at grade level to the extent reasonably possible.

7. **No Hazardous Materials.** City shall not, at any time, store, release or discharge or permit any person to store, release or discharge any hazardous or toxic substances or other contaminant or pollutant (as defined by federal, state, county, municipal or other law, rule or regulation) anywhere in, on or about or adjacent to the Parking Easement, except in compliance with applicable laws.

8. **Limitation on Use.** City shall not, at any time, make any other or different use of the Parking Easement other than as provided in section 2 above. The failure of Rugby to take action against persons using the Parking Easement for any unpermitted purposes shall not constitute a waiver of this restriction, and no prescriptive use or easement shall accrue with respect to any unpermitted uses.

9. **No Violation of Law.** City shall not, at any time, make, permit or suffer any use of the Parking Easement in violation of any applicable federal, state, county or municipal law, ordinance, rule or regulation.

10. **Indemnification.** (i) City hereby covenants and agrees to defend, protect, indemnify and hold Rugby, and its partners, employees, successors and assigns, harmless from and against any and all consequences, liabilities, claims, demands, damages, including, but not limited to, special consequential and punitive damages, including any damage to property and damages for death or injury of any person, mechanic's liens or other encumbrances, judgments, awards, charges, losses, causes of action and costs, including reasonable attorneys' fees incurred with or without suit, of every kind, nature or description, resulting from, pertaining to, relating to, in any way connected with or rising out of, directly or indirectly, the use, or enjoyment of the Parking Easement, as well as arising out of or relating to any performance or breach of the City's repair and maintenance obligations under this Agreement, to the fullest extent permitted by law, except to the extent that any such claim, obligation, damage, expense, liability or cost arises out of the willful or negligent acts or omissions of the indemnitees, or any of their independent contractors or agents.

(ii) Rugby hereby covenants and agrees to defend, protect, indemnify and hold City, and its elected officials, partners, employees, successors and assigns, harmless from and against any and all consequences, liabilities, claims, demands, damages, including, but not limited to, special consequential and punitive damages, including any damage to property and damages for death or injury of any person, mechanic's liens or other encumbrances, judgments, awards, charges, losses, causes of action and costs, including reasonable attorneys' fees incurred with or without suit, of every kind, nature or description, resulting from, pertaining to, relating to, in any way connected with or rising out of, directly or indirectly, the use, or enjoyment of the Property or Building (other than the Parking Easement Area), as well as arising out of or relating to any performance or breach of Rugby's repair and maintenance obligations under this Agreement, to the fullest extent permitted by law, except to the extent that any such claim,

obligation, damage, expense, liability or cost arises out of the willful or negligent acts or omissions of the indemnitees, or any of their independent contractors or agents.

The provisions of paragraphs (i) and (ii) of this section 10 are subject to the following terms and conditions:

a) In consideration, of this covenant, the indemnitees hereby acknowledge and agree that they (i) will deny liability in any lawsuit, the subject matter of which is subject to this agreement to indemnify, (ii) will not take any action or execute any documents which could be construed as an admission of liability to a third party; (iii) will give the other party to this Agreement prompt notice of any act on the part of a third person giving rise to a claim to indemnification hereunder; and (iv) will give the other party to this Agreement its full cooperation in the defense of any such lawsuits.

b) The obligations of each party under this paragraph shall continue and survive the termination of the easements set forth herein, and shall remain in full force and effect.

c) The failure of an indemnitee or its successors or assigns to file or enforce a claim in the bankruptcy or other liquidation/receivership proceedings of or against the indemnitor shall not operate to release the indemnitor from liability hereunder.

11. No Improvement on or Enlargement. City shall not construct, locate, erect or move any structure or fixed improvement upon any portion of the Parking Easement, nor, under any circumstances, modify, add to, expand or change the Parking Easement in any manner which materially and adversely affects access to the second level of the parking garage or which materially and adversely affects the structural integrity of the parking structure.

12. Easement Appurtenant. The terms, covenants and conditions of this Agreement, shall run with the land and benefit and burden successive owners of the Property and the Parking Easement, respectively.

13. Breach. The failure of either party to comply with each and every one of the provisions hereof shall constitute a breach hereunder.

a) In the event of any such breach, the non-defaulting party shall give the defaulting party written notice of such breach. If the defaulting party has not cured such default within ten (10) business days of the date of receipt of said written notice, then the non-breaching party shall, without further notice to or demand on the breaching party, be entitled, at its sole option, to avail itself of whatever rights or remedies it may have, in law or in equity, as a result of such breach, including, without limitation, the right to seek damages and/or, regardless of the adequacy of any remedy at law, to compel specific performance by the breaching party of the terms and conditions of this grant of easement, or to enjoin the breach or threatened breach by the breaching party. In addition, the non-breaching party shall have the right, but not the obligation, at any time after the expiration of the ten (10) business day period without the breach having been cured, to cure the breach, and upon completion thereof, the breaching party shall pay to the nonbreaching party the cost of curing the breach, plus an amount no to exceed ten percent (10%) of such costs for administrative expenses, within thirty (30) days of receipt from the non-breaching party of a written itemized bill therefor. (Should the nature of the default be such that

it cannot be cured within the ten (10) day period, than it shall be sufficient if, during said ten (10) day period following receipt of the notice of such breach, the breaching party shall have taken action reasonably calculated to cure such default and is diligently prosecuting same to completion.)

b) It is understood and agreed that the non-breaching party shall have the sole right to elect among all of the various rights and/or remedies to which it is entitled in the event of a breach hereunder, and the exercise of any remedy shall not preclude the exercise of any other remedy provided hereunder or otherwise permitted by law.

c) Each party hereby expressly waives, disclaims and relinquishes any right it might have to oppose, object to, raise any defense against or prevent the granting of the relief sought by a non-breaching party pursuant to this paragraph, including, but not limited to, the removal of encroaching materials or improvements, the granting of specific performance or the granting of an injunction, on the grounds of the adequacy of any other remedy at law, mutuality of remedy, balancing of the equities, relative hardship, expense, unfairness, estoppel, or undue interference with a person's use and enjoyment of the easement areas, and that the court shall, upon finding that a breach has occurred, grant any such relief requested by the non-breaching party.

d) Notwithstanding anything to the contrary contained in this Agreement, Rugby shall not have the right to terminate this Agreement because of a breach (intentional or negligent) by City of any of its obligations under this Agreement.

14. **Amendment.** The amendment, modification or termination of this Agreement shall be in writing, executed and acknowledged by the owners of the Property and the Parking Easement, and duly recorded in the Official Records of the Recorder's Office in Los Angeles County, State of California.

15. **Notices.** All notices, requests and demands to be made hereunder shall be in writing at the address set forth below by any of the following means: (a) personal service (including service by overnight courier service); (b) electronic communication, whether by telex, email, telegram or telecopying (if confirmed in writing sent by personal service or by registered or certified, first class mail, return receipt requested); (c) registered or certified, first class mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, request or demand sent pursuant to either subsection (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch by electronic means, and if sent pursuant to subsection (c) shall be deemed received five (5) days following deposit in the mail.

16. **Assignment.** The rights and obligations of Rugby and the City hereunder shall be transferable only in connection with a transfer of the Property and Parking Easement. Subject to the foregoing, all rights, obligations and terms contained in this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto, their respective successors and assigns, whether or not such parties expressly assume the obligations of the parties hereto. Rugby and the City shall be released from their obligations hereunder upon transfer of the Property or the Parking Easement.

17. **Status of Original Easement; Entire Agreement.** This Agreement and the Easement Reservation amends, supersedes and replaces in its entirety the Original Easement Grant and any amendments, modifications, or restatements thereto made prior to the date hereof. Any provisions or agreements pertaining to the subject matter of this Agreement and the Easement Reservation which are not expressly incorporated into this Agreement or the Easement Reservation shall be of no further force or effect. In the event of any conflicts between this Agreement and the Easement Reservation, the provisions of this Agreement shall take precedence. No course of prior dealing among the parties, no usage of trade, and no parol or extrinsic evidence of any kind or nature shall be used to supplement, modify or vary any of the terms hereof. This Agreement may be modified, altered or amended only by a writing signed by all of the parties hereto.

18. **Construction; Headings.** Both parties hereto agree that this agreement is not to be more harshly construed against one party hereto, and in favor of any other party hereto. The headings to the sections of this agreement are inserted as a guide and partial index and shall not affect the interpretation of the sections.

19. **No Waiver.** No waiver of the performance of any of the provisions of this Agreement shall be binding unless executed, in writing, by the duly authorized representative of the party making the waiver. The failure of any party in one or more instances to insist upon strict performance or the observance of one or more of the provisions hereof or to exercise any remedy, privilege or election herein conferred upon or reserved to said party shall not operate or be construed as a relinquishment or waiver for the future of such provision or of the right to duly enforce the same or to exercise such privilege, election or remedy in the event of any subsequent breach of the same or of any other provision herein contained, but the same shall remain in full force and effect. No waiver of any of the provisions of this Agreement shall be deemed or construed to be, nor shall it constitute a waiver of any other provision, whether or not similar, nor as any continuing or succeeding waiver of such provision, term or condition.

20. **Further Documents.** Each party shall, from time to time, execute and deliver, or cause to be executed and delivered, such additions documents as the other party may, at any time, reasonably require for the purpose of carrying out this Agreement.

21. **Attorneys Fees.** In the event of any action or proceeding, at law or in equity, to interpret or enforce the terms of, or obligations arising out of this Agreement, or to recover damages for the breach hereof, or to compel performance hereunder, or otherwise arising out of this agreement or the relationship between the parties hereto, the party prevailing in any such action or proceeding shall be entitled to recover from the nonprevailing party all reasonable attorneys' fees, costs and expenses incurred by the prevailing party, whether incurred before or after the commencement of such action or proceeding. The attorney's fees shall include those incurred in bringing such suit and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action, and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney's fees and costs incurred in enforcing such judgment. For purposes of this paragraph, attorney's fees shall include, without limitation, fees incurred in the following: (a) post-judgment motions; (b) contempt proceedings;

(c) garnishment, levy and debtor and third party examinations; (d) discovery; and (e) bankruptcy litigation.

22. **Gender and Number.** Where the context so requires, the singular number shall include the plural number, and vice-versa, and the use of any gender shall include any or all other genders.

23. **Interpretation.** This instrument is made and entered into the State of California, and shall be interpreted and enforced under and pursuant to the laws of said jurisdiction.

24. **Counterparts.** This instrument may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and year indicated below.

**CITY HOUSING-RUGBY ASSOCIATES,
a California Limited Partnership**

By: COMMUNITY HOUSING ASSISTANCE
PROGRAM,
a California Nonprofit public benefit corporation
Its General Partner

Address:

By: _____
KENNETH R. ROBERTSON, President

3803 E. Casselle Avenue
Orange, CA 92869-5346

HUNTINGTON PARK CHDO,
a California nonprofit public benefit corporation,
its General Partner

By: _____
IRENE MURO, President

**CITY OF HUNTINGTON PARK,
a Municipal corporation**

Address:

**6550 Miles Avenue
Huntington Park, CA 90255**

By: _____

STATE OF CALIFORNIA)
COUNTY OF _____)
SS.

On _____, 2013, before me, _____, a Notary Public for the state, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the **person persons** whose **name is names** are subscribed to the within instrument and acknowledged to me that **he she they** executed the same in **his her authorized capacity their authorized capacities**, and that by **his her signature their signatures** on the instrument the **person persons**, or the entity upon behalf of which the **person persons** 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

STATE OF CALIFORNIA)
)
COUNTY OF _____) SS.

On _____, 2013, before me, _____, a Notary Public for the state, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the **person persons** whose **name is names** are subscribed to the within instrument and acknowledged to me that **he she they** executed the same in **his her authorized capacity their authorized capacities**, and that by **his her signature their signatures** on the instrument the **person persons**, or the entity upon behalf of which the **person persons** 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

RECORDING REQUESTED BY
(AND WHEN RECORDED MAIL TO):

Andrew P. Cipes, Esq.
Aikenhead, Cipes & Supanich
707 Wilshire Boulevard, Suite 4450
Los Angeles, California 90017-3617

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Quitclaim Deed

The undersigned Grantor declares under penalty of perjury that the following is true and correct:
Documentary transfer tax is zero. Conveyance by political subdivision of State. R&T Code §11928
. City of Huntington Park

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

THE CITY OF HUNTINGTON PARK, a municipal corporation

HEREBY REMISES, RELEASES, AND FOREVER QUITCLAIMS TO:

CITY HOUSING RUGBY ASSOCIATES, a California Limited Partnership

the following described real property in the City of Huntington Park, County of Los Angeles, State of California:

PARCEL 1 OF PARCEL MAP NO. 22951, IN THE CITY OF HUNTINGTON PARK, AS SHOWN ON MAP FILED IN BOOK 271 PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

RESERVING, HOWEVER, UNTO GRANTOR THE EASEMENT FOR PUBLIC PARKING AND INCIDENTAL PURPOSES IN THE DOCUMENT RECORDED SEPTEMBER 07, 1990 AS INSTRUMENT NO. 90-1547153 OF OFFICIAL RECORDS OF SAID COUNTY, MORE SPECIFICALLY DESCRIBED IN EXHIBIT "A" AND DEPICTED ON EXHIBIT "B" ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE.

Commonly Known As: 6330 Rugby Avenue Huntington Park, CA 90255

Assessor's Parcel No. 6320-031-026

**CITY OF HUNTINGTON PARK,
a municipal corporation**

Dated , 20

By: _____

By: _____

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS.

On _____, 2013, before me, _____, a Notary Public for the state, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person persons whose name is names are subscribed to the within instrument and acknowledged to me that he she they executed the same in his her authorized capacity their authorized capacities, and that by his her signature their signatures on the instrument the person persons, or the entity upon behalf of which the person persons 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

Mail Tax Statements To: Rugby Associates, 3803 E. Casselle Ave., Orange, CA 92869

WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction Management Group/Post Closing
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Joanne Marcino
Re: Huntington Plaza Deal No. 22215

SUBORDINATION AND INTERCREDITOR AGREEMENT

This **SUBORDINATION AND INTERCREDITOR AGREEMENT** (this “**Agreement**”) dated April 1, 2013, is made by and between the **CITY OF HUNTINGTON PARK**, a municipal corporation (the “**Junior Lender**”) and **CITIBANK, N.A.**, a national banking association (“**Senior Lender**”).

RECITALS:

A. Huntington Park 607, L.P., a California limited partnership, (“**Borrower**”) has applied to the California Statewide Communities Development Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (“**Governmental Lender**”), for a loan in the maximum principal amount of \$10,500,000 (the “**Senior Loan**”), for the acquisition, construction, rehabilitation, development, equipping and/or operation of a 184-unit multifamily residential project located in the City of Huntington Park, County of Los Angeles, California, known or to be known as the Huntington Plaza Apartments (the “**Project**”).

B. The Senior Loan is evidenced by that certain Multifamily Note, dated as of April 24, 2013, in the maximum principal amount of \$10,500,000, made by Borrower payable to the order of Governmental Lender (as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended, restated and/or supplemented, the “**Senior Note**”), and that certain Borrower Loan Agreement, dated as of the date hereof, between Borrower and Governmental Lender (the “**Borrower Loan Agreement**”).

C. The Senior Loan is secured by, among other things, that certain Multifamily 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 (as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented, the “**Senior Security Instrument**”) which Senior Security Instrument encumbers the Property (as defined below).

D. Borrower has requested that Senior Lender enter into that certain Funding Loan Agreement, dated as of the date hereof, between Governmental Lender 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 to Borrower.

E. The Senior Note, the Senior Security Instrument and the Borrower Loan Agreement will each be assigned by Governmental Lender to Senior Lender to secure the Funding Loan. The Borrower and Senior Lender have entered into that certain Construction Funding Agreement dated as of the date hereof (the “**Construction Funding Agreement**”) regarding the manner in which the Project will be completed and paid for.

F. Citibank, N.A. (together with its successors and assigns, “**Servicer**”), will act as the initial servicer of the Senior Loan.

G. Junior Lender is making a loan (the “**Junior Loan**”) to Borrower in the maximum principal amount of \$1,900,000, which Junior Loan is (i) evidenced by a certain Deferred Payment Rehabilitation Loan Secured by Deed of Trust Promissory Note, dated as of April 1, 2013, to Junior Lender (the “**Junior Note**”), (ii) secured by, or to be secured by, that certain Deed of Trust with Assignment of Rents and Security Agreement (the “**Junior Security Instrument**”), dated as of April 1, 2013, to be recorded in the Official Records of Los Angeles County contemporaneously herewith, encumbering the Property, and (iii) will be advanced to Borrower pursuant to that certain Affordable Housing Agreement (the “**Junior Loan Agreement**”), dated as of April 1, 2013, between Junior Lender and Borrower.

H. As a condition to the making of the Senior Loan, Senior Lender requires that Junior Lender 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 any exercise of any of Junior Lender’s remedies under the Junior Security Instrument or any of the other Junior Loan Documents, including, without limitation, any of the following: (i) the acceleration of all or any part of the Junior Indebtedness, (ii) the commencement of any judicial or non-judicial action or proceeding to enforce any obligation of Borrower under any of the Junior Loan Documents, collect any monies payable to Borrower or have a receiver appointed to collect any monies payable to Borrower, or foreclose the lien(s) created by the Junior Security Instrument, (iii) the filing or joining in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower, (iv) the advertising of or commencement of any foreclosure or trustee’s sale proceedings, (v) the exercise of any power of sale, (vi) the acceptance of a deed or assignment in lieu of foreclosure or sale, (vii) the collecting of Rents, (viii) the obtaining of or seeking of the appointment of a receiver, (ix) the seeking of default interest, (x) the taking of possession or control of any of the Property, (xi) 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, (xii) the exercise of any banker’s lien or rights of set-off or recoupment, or (xiii) 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 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.

“Junior Loan Documents” means, collectively, the Junior Note, the Junior Security Instrument, the Junior Loan Regulatory Agreement and all other documents evidencing, securing or delivered in connection with the Junior Loan, all of which are listed on Exhibit B attached hereto, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

“Junior Loan Regulatory Agreement” means the Regulatory Agreement, dated as of April 1, 2013, by and between Junior Lender and Borrower.

“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 the (i) the land and improvements known or to be known as Huntington Plaza Apartments, located in the City of Huntington Park, County of Los Angeles,

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 Documents” means, collectively, the Senior Note, Senior Security Instrument, the Borrower Loan Agreement, the Construction Funding Agreement, and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

“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 Senior Loan 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 of, 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.

(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 Multifamily Note in the maximum principal amount of \$10,500,000, executed by Borrower and payable to California Statewide Communities Development Authority and assigned to CITIBANK, N.A. (“Senior Lender”) to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated on or about the date hereof, 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) At the request of the Borrower or the Senior Lender, Junior Lender agrees to subordinate the Junior Loan and the Junior Loan Documents to new indebtedness incurred by the Borrower to refinance and pay in full the Senior Loan and to any loan documents related to such refinancing; provided, however, that Senior Lender may not without the prior written consent of Junior Lender, execute any such loan documents that would result in a new loan with a principal amount that exceeds the outstanding balance then-owed under the Senior Loan Documents or execute any amendment of the Senior Loan Documents which increases the outstanding principal amount of the Senior Loan, except to reflect advances hereafter made for purposes of protecting or further securing the lien of the Senior Security Instrument, curing default by the Borrower under the Senior Loan Documents or for any other purposes expressly permitted by the Senior Security Instrument. Junior Lender agrees to execute a subordination agreement recognizing the rights of the lender providing such refinancing, which subordination agreement shall be on substantially the same terms as this Agreement, and to execute such other documents as may reasonably be required by the Senior Lender or the lender providing such refinancing.

(j) 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) Notwithstanding any contrary provision in the Junior Loan Documents, 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. 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, notwithstanding any provision to the contrary contained in the Junior Loan Documents, 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. 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), and (ii) 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 Lender has also voted affirmatively in favor of such plan, 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.

(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 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 has 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 outstanding principal balance of the Junior Indebtedness is \$1,900,000; (vi) no scheduled payments are due under the Junior Loan Documents prior to the maturity date; (vii) no payments under the Junior Loan Documents have been or will be prepaid except with the prior written consent of Senior Lender; (viii) 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 (ix) there are no other Junior Loan

Documents other than those listed on Exhibit B 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, (i) the maturity date of the Junior Note shall occur no earlier than one (1) month after the maturity date of the Senior Note, and (ii) Borrower shall not be obligated to pay more than seventy-five percent (75%) of Excess Cash Flow (as defined herein) in payments under the Junior Note. For the purposes hereof, the following definitions shall apply:

“Excess Cash Flow” shall mean, for any period, Gross Revenues for such period less the sum of (i) Expenses of the Property for such period, and (ii) without duplication, all amounts due on the Senior Loan Obligations for such period.

“Expenses of the Property” shall mean, for any period, the current expenses, paid or accrued, of operation, maintenance and current repair of the Property, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Loan Documents), a management fee (however characterized) not to exceed 5.0% of Gross Revenues, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Property shall not include any payments, however characterized, on account of the Junior Loan or any other subordinate financing in respect of the Property or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

“Gross Revenues” shall mean all receipts, revenues, income and other moneys received by or on behalf of Borrower and derived from the ownership or operation of the Property, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Property. Gross Revenues shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with the applicable law.

“Senior Loan Obligations” shall mean and includes, collectively, and without limitation, each of the following: (A) all debt service payments due on the Senior Indebtedness, (B) all obligations of Borrower under the Senior Loan Documents, (C) all capital expenditures required for the proper maintenance of the Property in accordance with the Senior Loan Documents, as calculated by Borrower in accordance with customarily accepted cash basis accounting principles, consistently applied, and in accordance with the terms of the Senior Loan Documents; (D) all amounts required to be deposited into any replacement reserve, completion/repair reserve, operating deficit reserve, principal repayment reserve, replacement hedge reserve or other reserve or

escrow established or required by Senior Lender or Servicer in connection with the Senior Loan and the Senior Loan Documents, including the Senior Security Instrument, and (E) all fees, costs and expenses of Senior Lender and Servicer in connection with the Senior Loan.

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, take any Enforcement Action, including, without limitation (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 or 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, (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 States 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: City of Huntington Park
6550 Miles Ave
Huntington Park, California 90255
Attn: City Manager

If to Senior Lender: Citibank, N.A.
390 Greenwich Street, 2nd Floor
New York, New York 10013
Attention: Desk Head, Transaction Management Group
Re: Huntington Plaza Deal No. 22215
Facsimile: (212) 723-8642

AND

Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Re: Huntington Plaza Deal No. 22215
Facsimile: (805) 557-0924

AND

Citibank, N.A.
One Sansome Street, 26th Floor
San Francisco, California 94104
Attention: Marla Victorio
Re: Huntington Plaza Deal No. 22215
Facsimile: (415) 627-6387

AND

Citibank, N.A.
388 Greenwich Street
New York, New York 10013
Attention: General Counsel's Office
Re: Huntington Plaza Deal No. 22215
Facsimile: (212) 723-8939

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. WAIVER OF TRIAL BY JURY. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE PARTIES HERETO (A)

COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES 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.

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 upon which event, the Junior Security Instrument and the Junior Loan Documents shall automatically terminate and be of no further effect; 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, upon which event, the Junior Security Instrument and the Junior Loan Documents shall automatically terminate and be of no further effect, 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 multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

(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.

12. Special Provisions.

(a) Notwithstanding any provision of the Subordinate Loan Documents to the contrary, any removal or appointment of the Borrower's managing agent in respect of the Property or changes to the management plan or management agreement in respect of the Property, including any removal or appointment by the Junior Lender under the terms of the Subordinate Loan Documents or changes required by the Subordinate Loan Documents, shall, in each instance, be subject to the prior written consent of Senior Lender.

(b) Notwithstanding any provision of the Subordinate Loan Documents to the contrary, any rights of the Junior Lender under Section 1008 of the Junior Loan Agreement to enter the Property and perform acts and works shall be subject to the prior approval of the Senior Lender.

(c) Funds held by the Senior Lender or any other lender as a replacement reserve relating to the Property will be counted towards the capital replacement reserve requirements under the Junior Loan Agreement.

(d) Section 1401 of the Junior Loan Agreement shall not prohibit conveyance or other transfer of title to the Property pursuant to a foreclosure of the Senior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Senior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement or a one-time subsequent transfer to another party.

13. Attached Exhibits.

The following Exhibits are attached to this Agreement and are incorporated by reference herein as if more fully set forth in the text hereof:

Exhibit A – Legal Description

Exhibit B – Junior Loan Documents

The terms of this Agreement 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 Agreement, the terms of said Exhibits shall be controlling in all respects.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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:

CITY OF HUNTINGTON PARK,
a municipal corporation

By: _____
Name:
Title:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Special Counsel to City

SENIOR LENDER:

CITIBANK, N.A., a national banking association

By: _____

Name: Michael Hemmens

Title: Vice President

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

HUNTINGTON PARK 607, L.P., a California limited partnership

By: USA Huntington Park 607, Inc.,
a California corporation,
its administrative general partner

By: _____
Name: Edward R. Herzog
Title: President

By: Riverside Charitable Corporation,
a California nonprofit public benefit corporation, its managing general partner

By: _____
Name: Kenneth S. Robertson
Title: President

By: Oldtimers Housing Development LLC, a California limited liability company its supervising general partner

By: Oldtimers Housing Development Corporation IV, a California nonprofit public benefit corporation, its manager

By: _____
Name:
Title:

GENERAL ACKNOWLEDGEMENT

STATE OF CALIFORNIA

)

COUNTY OF

)

On April ___, 2013 before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature of Notary Public

(Seal)

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B

JUNIOR LOAN DOCUMENTS

1. Deferred Payment Rehabilitation Loan Secured by Deed of Trust Promissory Note, dated as of April 1, 2013, by Borrower to Junior Lender
2. Deed of Trust with Assignment of Rents and Security Agreement, dated as of April 1, 2013, to be recorded in the Official Records of Los Angeles County contemporaneously herewith
3. Affordable Housing Agreement, dated as of April 1, 2013, between Junior Lender and Borrower.
4. Memorandum of Affordable Housing Agreement.
5. Regulatory Agreement, dated as of April 1, 2013, by and between Junior Lender and Borrower.
6. Request for Notice of Default in favor of Junior Lender.

ATTACHMENT B

DEED OF TRUST

Recording Requested by
and when recorded return to:

City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255
Attention: _____

This instrument is exempt from recording fees pursuant to Government Code Section 6103.

DEED OF TRUST WITH ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

THIS INSTRUMENT IS ALSO TO BE FILED AND INDEXED IN THE REAL ESTATE RECORDS AS A "FIXTURE FILING," AS DEFINED IN CALIFORNIA UNIFORM COMMERCIAL CODE SECTION 9-102(a) (40) AND COVERS GOODS THAT ARE OR ARE TO BECOME FIXTURES. THIS INSTRUMENT IS ALSO TO BE INDEXED IN THE INDEX OF FINANCING STATEMENTS UNDER THE NAMES OF TRUSTOR, AS "DEBTOR," AND BENEFICIARY AS "SECURED PARTY."

THIS DEED OF TRUST is made as of April 1, 2013, by and between HUNTINGTON PARK 607, L.P., a California limited partnership ("Trustor"), whose address is c/o USA Properties Fund, 2440 Professional Drive, Roseville, CA 95661811, to FIRST AMERICAN TITLE INSURANCE COMPANY ("Trustee"), for the benefit of the CITY OF HUNTINGTON PARK, a municipal corporation ("Beneficiary"), whose address is 6550 Miles Avenue, Huntington Park, California 90255.

Trustor irrevocably grants, transfers, and assigns to Trustee in trust, upon the trusts, covenants, conditions and agreements and for the uses and purposes hereinafter contained, with power of sale, and right of entry and possession, all of Trustor's interest in that real property in the County of Los Angeles, State of California, described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Real Property");

Together with all easements, development rights, mineral rights, land use entitlements, air rights, emission rights or credits, strips and gores, rights and privileges relating to the Real Property; and

Together with the rents, issues, and profits 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 (collectively, the "Rents"); and

Together with all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, laundry

equipment, steam and hot-water boilers, stoves, ranges, elevators and motors, bath tubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating fixtures, mantels, cabinets, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, and all shades, awnings, screens, blinds and other furnishings, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty (collectively, the "**Improvements and Fixtures**"); and

Together with all (i) building materials and equipment now or hereafter delivered to the Real Property and intended to be installed therein; (ii) all articles of personal property owned by Trustor now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Real Property; (iii) all intangible rights relating to the Real Property and any improvements thereon; (iv) all rights, claims, privileges, causes of action, incident to or relating to the Real Property or the improvements thereon; (v) all insurance claims and proceeds and all payments made in connection with the condemnation or threat of condemnation or similar right with regard to the Real Property or the improvements thereon as well as any rights to protest, negotiate and settle any such claims (collectively, the "**Personal Property**"); and

Together with all proceeds, accretions, additions, renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to the Real Property or the improvements thereon;

To have and to hold the above described Real Property, Rents, Improvements and Fixtures, Personal Property, and other rights and interests hereinbefore described now or hereafter existing (collectively, the "**Property**") to the Trustee, its successors and assigns forever.

FOR THE PURPOSE of securing performance of each agreement and covenant of Trustor in, under and relating to the following documents (collectively the "**Secured Obligations**"):

- (i) this Deed of Trust;
- (ii) that certain Affordable Housing Agreement dated April 1, 2013, between Trustor and Beneficiary (the "**AHA**");
- (iii) that certain promissory note (the "**Note**") dated April 1, 2013, made by Trustor to the order of Beneficiary in the principal sum of One Million Nine Hundred Thousand Dollars (\$1,900,000);
- (iv) that certain Regulatory Agreement affecting the Property and dated April 1, 2013, between Trustor and Beneficiary, recorded in the Official Records on or about the date hereof (the "**Regulatory Agreement**"); and
- (v) Trustor's obligations under any future amendments, substitutions, restatements or other modifications of the foregoing.

The terms and provisions of the Secured Obligations are incorporated herein by reference.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That it will pay the Note at the time and in the manner provided therein and that it shall faithfully perform each and every covenant contained in the other Secured Obligations.

2. That it will not permit or suffer the use of any of the Property for any purpose other than the use permitted in the Secured Obligations.

3. That all rents, issues, profits, and income from the Property are hereby assigned to the Beneficiary for the purpose of securing the obligations of Trustor pursuant to the Secured Obligations. Permission is hereby given to Trustor so long as no default exists under any of the Secured Obligations, to collect such rents, profits and income for use in accordance with the provisions of the Secured Obligations. This Section is intended to be a written assignment of an interest in leases, rents, issues, or profits of real property made in connection with an obligation secured by real property pursuant to California Civil Code Section 2938 and Beneficiary and Trustee shall have all of the rights and powers thereunder.

4. That upon default hereunder or under the aforementioned Secured Obligations, remaining uncured and after the giving of any required notice and expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property and operate same and collect the rents, profits and income therefrom.

5. That Trustor will keep the improvements now existing or hereafter erected on the Property insured against loss by fire and such other hazards, casualties, and contingencies as required by the AHA. In no event shall the amounts of coverage be less than the unpaid balance of the insured Deed of Trust, and in default thereof the Beneficiary shall have the right to effect insurance. Subject to the rights of senior lienholders, if any, such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and shall be deposited with the Beneficiary. Trustor hereby authorizes Beneficiary to contest, negotiate and settle any claims with any insurers providing insurance to Trustor.

6. That Trustor shall pay, before delinquency, any taxes and assessments affecting the Property including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto; all costs, fees, and expenses of this Deed of Trust.

7. That Trustor will keep the Property in good condition and repair, free from all liens and encumbrances except for the Bond Loan and document related thereto or as such liens and encumbrances are approved by Beneficiary, and shall not remove or demolish any Improvements and Fixtures unless authorized by the Secured Obligations; Trustor further covenants and agrees to complete or restore promptly and in good and workmanlike manner any Improvements and Fixtures which may be damaged or destroyed thereon, whether or not insurance proceeds are available to cover any part of the cost of such restoration and repair; to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the 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 Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property; not to permit or suffer any substantial alteration of or addition to the Improvements and Fixtures without the consent of the Beneficiary.

8. 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 reasonable 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.

9. That should Trustor fail to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so 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, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may 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, may pay necessary expenses, employ counsel, and pay his or her reasonable fees.

10. That Beneficiary shall have the right to pay Trustor's insurance premiums should Trustor fail to make any required premium payments. All such payments made by Beneficiary shall at Beneficiary's election be added to the principal sum secured hereby.

11. Subject to all applicable notice and cure periods set forth in the AHA, that Trustor shall pay immediately and without demand all sums so expended by Beneficiary or Trustee, in connection with the closing of the loan evidenced by the Note and hereafter any sums incurred by Beneficiary or trustee arising from the Secured Obligations and their performance, enforcement, interpretation, or operation, with interest from date of such expenditures at the maximum rate permitted by law.

12. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the Property any lien or liens except as authorized by Beneficiary and further that it will keep and maintain the property free from the claims of all persons supplying labor or materials which will enter into the rehabilitation or construction of any and all buildings now being rehabilitated or constructed or to be rehabilitated or constructed on the Property, or will cause the release of or will provide a bond against any such liens within ten (10) days of Trustor's receipt of notice of the lien or liens. Nothing herein contained shall be deemed to prohibit Trustor from contesting the validity or amounts of any tax assessment, encumbrance or lien, nor to limit the remedies available to Trustor.

13. Not to Transfer the Property without the prior written consent of Beneficiary.

Transfer shall mean if at any time in the event that the Real Property or any part thereof or interest therein or direct or indirect interest in Trustor shall be sold, conveyed, disposed of, alienated, hypothecated, leased (except to occupants under space leases), assigned, pledged, mortgaged, further encumbered (except for the Bond Loan, as defined in the AHA) or otherwise transferred or Trustor shall be divested of its title to the Property or any interest therein, in any manner or way, whether voluntarily or involuntarily, by operation of law or otherwise. Also Transfer shall include:

- (i) in the event either Trustor or any of its shareholders, general partners or members is a corporation or trust, the direct or indirect sale, conveyance, transfer or disposition, alienation, hypothecation, or encumbering of more than 10% of the issued and outstanding capital stock of Trustor or any of its shareholders, general partners or members or of the beneficial interest of such trust (or the issuance of new shares of capital stock in Trustor or any of its shareholders, general partners or members so that immediately after such issuance, in one or a series of transactions, the total capital stock then issued and outstanding is more than 110% of the total immediately prior to such issuance); and
- (ii) in the event Trustor or any shareholder, general partner or managing member of Trustor is a limited or general partnership, a joint venture or a limited liability company, a change of any general partner, joint venturer, limited liability company manager or managing member or a change in the ownership interests in any general partner, joint venturer, limited liability company manager or managing member, either voluntarily, involuntarily or otherwise, or the sale, conveyance, transfer, disposition, alienation, hypothecation or encumbering of all or any portion of the interest of any shareholder, general partner, joint venturer, limited liability company manager or managing member in Trustor or such shareholder, general partner, joint venturer, limited liability company manager or managing member (whether in the form of a beneficial or ownership interest or in the form of a power of direction, control or management, or otherwise); and
- (iii) any change or transfer in respect of the Property or any interest therein, or any direct or indirect change or transfer in Trustor or any interest therein, resulting in any change in the management or control of Trustor or the Property.

This Section 13 shall not apply to an Approved Transfer under Section 1401.1 of the AHA.

14. Upon a Transfer of the Property in violation of the provisions of section 13 above, the Trustor shall immediately pay in full all sums secured by the Deed of Trust.

15. Trustor waives any right to require the Beneficiary to (a) demand payment of amounts due (known as "presentment"); (b) give notice that amounts due have not been paid (known as "notice of dishonor") and (c) obtain an official certification of nonpayment (known as "protest").

16. That the improvements now or in the future upon the Property, and all plans and specifications, comply with all municipal ordinances and regulations and all other regulations made or promulgated, now or hereafter, by lawful authority, and that the same will comply with all such current and future municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled, subject to the rights of the holder of any senior deeds

of trust, to all compensation, awards, and other payments or relief therefor (the “**Damage/Taking Proceeds**”), and Beneficiary shall be entitled, and is hereby authorized by Trustor, at Beneficiary’s option to commence, appear in and prosecute in Beneficiary’s name and settle, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such Damage/Taking Proceeds and all rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to the Beneficiary. The net Damage/Taking Proceeds shall be the actual proceeds remaining after deducting therefrom all of Beneficiaries expenses, including reasonable attorneys’ fees, and the claims of any senior deeds of trust.

If Trustor is not in default and no circumstance or event exists which with the passage of time or giving of notice or both would become a default under this Deed of Trust or any of the other Secured Obligations, Beneficiary shall make the net Damage/Taking Proceeds available for the repair and restoration of the Property provided Trustor within 60 days of such damage or taking, Trustor has proven to Beneficiary’s reasonable satisfaction that Trustor has sufficient funds (including the net Damage/Taking Proceeds) to complete such repair or restoration in accordance with all applicable laws and such damage or taking occurs not less than one year prior to the Maturity Date of the Note. Further provided however, Trustor shall expend all other funds before Beneficiary shall make any net Damage/Taking Proceeds available to Trustor and Trustor shall comply with the provisions of the AHP regarding the performance of construction/rehabilitation work. In the event the net Damage/Taking Proceeds are not to be made available to Trustor, the Beneficiary shall retain the proceeds and apply them to amounts outstanding under the Secured Obligations. Any balance of such proceeds still remaining shall be disbursed by the Beneficiary to Trustor.

The provisions of this section are intended by Trustor and Beneficiary to fully describe the use and application of the Damage/Taking Proceeds. The provisions of California Civil Code § 2924.7 and any similar laws are hereby waived.

18. Trustor shall be in default of its obligations under this Deed of Trust:

- a. If Trustor fails to pay any amounts due under this Deed of Trust on or before the due date for such payment or if a due date has not been expressly provided then 10 days after request therefore has been given to Trustor by Beneficiary or Trustee.
- b. If Trustor fails to perform any of its obligations under this Deed of Trust other than a default in the payment of amounts due to Beneficiary or Trustee under this Deed of Trust, after receiving thirty (30) days prior written notice of such failure from Beneficiary, and if such default is not cured within thirty (30) days after receipt of written notice thereof from Beneficiary, or, if the nature of the default is such that more than thirty (30) days are reasonably required for its cure, then Trustor has not commenced a cure within the 30-day period and thereafter diligently prosecuted such cure to completion within ninety (90) days after receipt of written notice thereof.

- c. If Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated as bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding.
- d. If Trustor materially breaches any representation or warranty made to Beneficiary in any of the Secured Obligations.
- e. If Trustor fails to perform any of its obligations under any of the other Secured Obligations, after the expiration of any applicable cure periods.
- f. If Trustor shall be in default under any other liens or encumbrances covering the Property which default is not cured within any applicable cure period set forth in such line or encumbrance.

19. After the occurrence of a default under this Deed of Trust, Beneficiary may, in addition to any exercising any other rights or remedies available to Beneficiary under applicable laws, declare all sums secured hereby immediately due and payable.

20. After the lapse of such time as may then be required by law following the recordation of the notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the 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 Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on the Trustee's deed, if the latter is not paid by buyer; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Note; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto.

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

23. Trustor agrees to indemnify, defend, and hold harmless the Beneficiary and Trustee, and each of their respective elected and appointed officers, officials, representatives, employees, and agents, from and against any and all liability, demands, damages, claims, causes of action, costs, fees (including reasonable attorney's fees, expert witness' fees, and legal costs), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Claims"), that arise out of, pertain to, or relate to the this Deed of Trust or the other Secured Obligations, or the acts, errors, or omissions of Trustor or its employees, representatives, consultants, subcontractors, agents and any other entity for which Trustor is responsible. Trustor shall not be required to indemnify any party from any Claims that arise from such party's sole negligence or willful misconduct.

24. All Property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement ("Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the California Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes.

25. Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Mortgaged Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in

equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Mortgaged Property, or to this Deed of Trust and the indebtedness secured hereby.

26. Upon written request of Beneficiary stating that all obligations secured hereby have been performed, and upon surrender of this Deed of Trust to Trustee for cancellation and retention 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 fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

27. Beneficiary, Trustee and their agents and employees shall have the right, subject to the rights of tenants under existing and valid leases, to enter and inspect, and/or take any action permitted hereunder with respect to the Mortgaged Property at all reasonable times and, except in the event of an emergency, upon reasonable notice.

28. No waiver by Beneficiary of any default or breach by Trustor shall be implied from any omission by Beneficiary to take action on account of such default if such default persists or is repeated, and no express waiver of a default shall affect any future default. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition.

29. The trust created hereby is irrevocable by Trustor.

30. 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 include not only the original Beneficiary hereunder but also any future owner and holder including pledges, of the notes secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine, and the singular number includes the plural.

31. Trustee accepts this Deed of Trust when the same, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

32. Terrorism and Anti-Money Laundering. Trustor warrants and agrees as follows:

- a. As of the date hereof and throughout the term of this representation: (i) Trustor; (ii) any person or entity controlling or controlled by Trustor; (iii) if Trustor is a privately held entity, any person or entity having a beneficial interest in Trustor; or (iv) any person or entity for whom Trustor is acting as agent or nominee in connection with this representation, is not an OFAC Prohibited Person.

- b. To provide the Beneficiary at any time and from time to time until the full reconveyance of this Deed of Trust with such information as the Beneficiary determines to be necessary or appropriate to comply with the Anti-Money Laundering/Terrorism Laws and regulations of any applicable jurisdiction, or to respond to requests for information concerning the identity of Trustor, any person or entity controlling or controlled by Trustor or any person or entity having a beneficial interest in Trustor, from any governmental authority, self-regulatory organization or financial institution in connection with its anti-money laundering/terrorism compliance procedures, or to update such information.
- c. Trustor agrees promptly to notify the Beneficiary in writing should Trustor become aware of any change in the information set forth in these representations.
- d. "Anti-Money Laundering/Terrorism Laws" shall mean the USA Patriot Act of 2001, the Bank Secrecy Act, as amended, Executive Order 13324—Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended, and other federal laws and regulations and executive orders administered by the United States Department of the Treasury, Office of Foreign Assets Control ("OFAC") which prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals (such individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanction and embargo programs), and such additional laws and programs administered by OFAC which prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on any of the OFAC lists.
- e. "OFAC Prohibited Person" shall mean, a country, territory, individual or person (i) listed on, included within or associated with any of the countries, territories, individuals or entities referred to on The Office of Foreign Assets Control's List of Specially Designated Nationals and Blocked Persons or any other prohibited person lists maintained by governmental authorities, or otherwise included within or associated with any of the countries, territories, individuals or entities referred to in or prohibited by OFAC or any other Anti-Money Laundering/Terrorism Laws, or (ii) which is obligated or has donated, transferred or otherwise assigned or received any property, money, goods, services, or other benefits directly or indirectly, from any countries, territories, individuals or entities on or associated with anyone on such list or in such laws.

33. Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to it at the address stated above, or to such other address as Trustor may provide in writing to Trustee from time to time.

IN WITNESS WHEREOF Trustor has executed this Deed of Trust as of the day and year set forth above.

Signature of Trustor

Huntington Park 607, L.P.,
a California limited partnership

By: Riverside Charitable Corporation,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Kenneth Robertson, President

By: Oldtimers Housing Development LLC,
a California limited liability company,
its supervising general partner

By: Oldtimers Housing Development Corporation - IV,
a California nonprofit public benefit corporation,
its manager

By: _____
Its: _____

By: USA Huntington Park 607, Inc.,
a California corporation,
its administrative general partner

By: _____
Geoffrey C. Brown, President

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 20_____, before me_____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature_____

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

Real property in the City of **HUNTINGTON PARK**, County of **Los Angeles**, State of California, described as follows:

PARCEL 1 OF PARCEL MAP NO. 22951, IN THE CITY OF HUNTINGTON PARK, AS SHOWN ON MAP FILED IN BOOK 271 PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 6320-031-026

ATTACHMENT C

PROMISSORY NOTE

DEFERRED PAYMENT REHABILITATION LOAN SECURED BY DEED OF TRUST

PROMISSORY NOTE
(Hereinafter referred to as this "Note")

Date: April 1, 2013

Amount: \$1,900,000

Lender Reference: Huntington Plaza Apartments

For value received, the undersigned **HUNTINGTON PARK 607, L.P.** (hereinafter, "BORROWER"), for the property ("PROPERTY") located at: **6330 Rugby Avenue, Huntington Park, CA 90255** acknowledges receiving a deferred loan amount and hereby promises to pay, in lawful money of the United States, to the City of Huntington Park (hereinafter, "LENDER") at the following address: **6650 Miles Avenue, Huntington Park, CA 90255**, or at such other place as the Lender may from time to time designate by written notice to the Borrower(s), the principal sum of up to **One Million Nine Hundred Thousand Dollars (\$1,900,000)**. The principal balance of this Note shall bear three (3%) percent simple interest.

TERMS:

1. **Borrower's Acknowledge(s) and Agrees:** The Loan is subject to the terms, conditions and restrictions of the AFFORDABLE HOUSING AGREEMENT (the "AHA"), between Lender and Borrower, dated on or about the date hereof and relating to the Property.
2. **Disbursement of Loan Proceeds:** Lender shall disburse the loan proceeds in accordance with procedures established under the AHA and documents relating thereto. The occurrence of a default or the failure of Borrower to comply with the disbursement provisions described above may at Lender's election result in a termination or suspension of further funding of the loan in which case Lender shall not be liable for any damage, suit, cost, expense or other liability incurred by Borrower and Borrower shall indemnify, defend and hold Lender harmless therefrom.
3. **Term/Repayment of Loan Principal and Interest:** No periodic payments are required hereunder. This Note shall be for a term commencing upon the date hereof and continuing until the fifty-fifth (55th) anniversary of the date of the recordation of the Release of Construction Covenants for the Rehabilitation in the real property records (the "MATURITY DATE"). Interest shall accrue on this Note from the date of the initial disbursement of loan proceeds pursuant to the AHA until paid in full. Unless previously accelerated as provided in this Note or the AHA or any Project Documents, as defined in the AHA, now or hereafter existing, on the Maturity Date all outstanding principal and interest under this Note shall be due and payable with further notice, presentment or demand.
4. **Due on Transfer:** If a Transfer occurs with regard to the Property (as defined in the AHA) without the prior consent of Lender, Borrower agrees to repay the unpaid principal balance to the Lender.

Transfer shall mean if at any time in the event that the Property or any part thereof or interest therein or direct or indirect interest in Borrower shall be sold, conveyed,

disposed of, alienated, hypothecated, leased (except to occupants under space leases), assigned, pledged, mortgaged, further encumbered (except for the Bond Loan, as defined in the AHA) or otherwise transferred or Borrower shall be divested of its title to the Property or any interest therein, in any manner or way, whether voluntarily or involuntarily, by operation of law or otherwise. Also Transfer shall include:

- (i) in the event either Borrower or any of its shareholders, general partners or members is a corporation or trust, the direct or indirect sale, conveyance, transfer or disposition, alienation, hypothecation, or encumbering of more than 10% of the issued and outstanding capital stock of Borrower or any of its shareholders, general partners or members or of the beneficial interest of such trust (or the issuance of new shares of capital stock in Borrower or any of its shareholders, general partners or members so that immediately after such issuance, in one or a series of transactions, the total capital stock then issued and outstanding is more than 110% of the total immediately prior to such issuance); and
- (ii) in the event Borrower or any shareholder, general partner or managing member of Borrower is a limited or general partnership, a joint venture or a limited liability company, a change of any general partner, joint venturer, limited liability company manager or managing member or a change in the ownership interests in any general partner, joint venturer, limited liability company manager or managing member, either voluntarily, involuntarily or otherwise, or the sale, conveyance, transfer, disposition, alienation, hypothecation or encumbering of all or any portion of the interest of any shareholder, general partner, joint venturer, limited liability company manager or managing member in Borrower or such shareholder, general partner, joint venturer, limited liability company manager or managing member (whether in the form of a beneficial or ownership interest or in the form of a power of direction, control or management, or otherwise); and
- (iii) any change or transfer in respect of the Property or any interest therein, or any direct or indirect change or transfer in Borrower or any interest therein, resulting in any change in the management or control of Borrower or the Property.

This Section 4 shall not apply to an Approved Transfer under Section 1401.1 of the AHA.

5. **Security Interest:** Borrower hereby grants to the Lender a security interest in the Property to secure the Borrower's obligations under this Note. Borrower also grants to the Lender a security interest in any interest the Borrower may have in premium refunds or proceeds under any insurance covering the property and in any payments received on account of a condemnation or threat of condemnation of all or any part of the Property. Borrower further agrees to execute a Deed of Trust necessary to perfect the Lender's security interest in the Property.
6. **Protection of the Property:** Borrower with respect to the Property: (a) keep it in good condition and repair; (b) not commit waste on it; (c) not use it for any unlawful purposes; (d) pay all taxes, assessments, encumbrances and insurances due for the Property; (e) permit Lender and/or Lender's representative to inspect it at any reasonable time and upon reasonable notice.

7. **Events of Default:** Any of the following shall constitute an event of default under this Note (subject to all applicable notice and cure periods set forth in the AHA):
 - (a) A Transfer of the Property occurs in violation of this Note.
 - (b) Borrower fails to perform any obligation set forth in this Note which is not cured within ten days after written notice thereof is given by Lender.
 - (c) Borrower fails to pay taxes, insurance or other financial obligations associated with this Property prior to their delinquency date.
 - (d) Any of the Borrower's representations or warranties in this Note or in Borrower's application for the loan, the AHA and any documents or agreements relating thereto, shall prove to have been untrue in any material respect when made, or the Borrower concealed any material fact from the Lender.
 - (e) A default shall occur under the AHA or any Project Documents, as defined in the AHA, now or hereafter existing, which is not cured within any applicable cure periods, if any.
8. **Late Charge:** If any amount payable under this Note or under any instrument or agreement related to this Note (the "Other Loan Documents") is not received by Lender when such amount is due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event, such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5.0%) of such amount (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted) except for the payment due on the Maturity Date. While Lender may not have given a notice of default and opportunity to cure as described in section 7 above or in any Other Loan Documents, for purposes of this section, a late charge will still be due and owing. Any accrued but unpaid late charges shall at Lender's election be added to and become part of the unpaid principal balance of this Note, shall bear interest at the rate or rates specified in this Note, and shall be secured by the security instruments securing the payment of this Note. Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment, and such late charge shall be deemed liquidated damages and not additional interest or a penalty. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate as described below. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, and shall not act as a waiver of any other rights that Lender may have as provided herein, in the Other Loan Documents, or at law or in equity.
9. **Default Rate.** So long as (a) any monthly installment under this Note remains past due, or (b) any other default under this Note has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the

due date of the first unpaid monthly installment or the occurrence of such other default, as applicable, at a rate per annum (the "Default Rate") equal to the highest rate permitted at law. While Lender may not have given a notice of default and opportunity to cure as described in section 7 above or in any Other Loan Documents, for purposes of this section, a default interest will still be due and owing. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate and no further notice shall be required. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment under this Note is delinquent, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender's ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent or any other default has occurred and is continuing, Lender's risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate as provided above represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

10. **Remedies:** In the event of default under this Note, Lender may:

- (a) Declare all sums secured by this Note immediately due and payable. Failure of the Lender to exercise this option to accelerate payment will not constitute waiver of the right to exercise this option in the event of subsequent cause for acceleration.
- (b) Incur expenses, including reasonable attorney's fees and legal expenses, to exercise any right or power under this note, which expenses shall in the discretion of Lender be reimbursed either by being added to the principal sum of this Note or payable by Borrower upon demand by Lender.
- (c) Take action to dispose of the Property and apply the proceeds of the disposition, first to reimburse Lender for any costs, expense or liability incurred by lender in connection with or arising from this Note, the AHA or any Project Documents, now or hereafter existing (regardless of whether incurred before or after the occurrence of a default), including without limitation, reasonable attorney's fees and legal expenses, advances to protect or restore the Property, actions to cure defaults by Borrower under other agreements or obligations which may affect the Property; second to pay the Prepayment Premium, described below; third to pay any outstanding interest; and fourth to pay outstanding principal under this Note.

11. **Place and Manner of Payments:** All amounts due and payable under this Note are payable at the principal office of the Lender as set forth above, or at such other places as the Lender designates to the Borrower in writing from time to time.

12. **Prepayment of Policy:** Borrower may prepay this Note at any time prior to its maturity date whether voluntarily or involuntarily by operation of law or otherwise.
13. **Governing Law:** This Note shall be construed in accordance with and be governed by the laws of the State of California.
14. **Severability:** If any provision of this Note 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.
15. **No Waiver by the Lender:** No Waiver of any breach, default or failure of condition under the terms of this Note shall thereby be implied from any failure of the Lender to take, or any delay by the Lender in taking action with respect to such breach, default or failure or from any previous waiver of any similar or unrelated breach, default or failure; and waiver of any term of the Note or any obligations secured thereby must be made in writing and shall be limited to express written terms of such waiver.
16. **Successors and Assignees:** The promises and agreements herein contained shall bind and inure to the benefit of, as applicable, the respective heirs, executors, administrators, successors and assignees of the parties.
17. **The Undersigned promise to notify:** The undersigned promise to notify in writing Lender upon the occurrence of any default by Borrower under any other obligations pertaining to the Property, any known violations of law regarding the Property, any damage or destruction to the Property affecting 20% or more of the floor area of the improvements located at the Property or having an estimated repair cost of \$500,000 or more.
18. **Non-Recourse Obligation:** In the event of any default or Event of Default under the terms of this Agreement or any of the other Project Documents, the sole recourse of Lender for any such default or Event of Default shall be Borrower's interest in the Property and the Project and Borrower and its partners and Affiliates shall not be personally liable for the payment of any obligations under this Agreement; provided, however, that the foregoing shall not in any way affect any rights Lender may have hereunder, or any right of Lender to recover or collect funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by Lender as a result of fraud, intentional misrepresentation or bad faith waste, and/or any costs and expenses incurred by Lender in connection therewith (including without limitation reasonable attorneys' fees and costs).
19. **Subordination:** 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 Multifamily Note in the maximum principal amount of \$10,500,000 (the "Senior Loan"), executed by Borrower and payable to California Statewide Communities Development Authority and assigned to CITIBANK, N.A. ("Senior Lender") to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated on or about the date hereof, 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. The Lender agrees and acknowledges that the Senior Loan shall have a balloon payment upon maturity and Lender hereby agrees to further subordinate the indebtedness evidenced by this Note to any new loan Borrower obtains to repay the Senior Loan upon maturity.

If more than one Borrower executed this Note, the obligations hereunder are joint and several. All words used herein in the singular shall be deemed to have been used in the plural when context and construction so require. With the execution of the Note, a Deed of Trust shall be recorded by the Lender in the office of Los Angeles County Recorder.

Executed as of the dates set forth above at Huntington Park, California.

Huntington Park 607, L.P.,
a California limited partnership

By: Riverside Charitable Corporation,
a California nonprofit public benefit corporation,
its managing general partner

By: _____
Kenneth Robertson, President

By: Oldtimers Housing Development LLC,
a California limited liability company,
its supervising general partner

By: Oldtimers Housing Development Corporation - IV,
a California nonprofit public benefit corporation,
its manager

By: _____
Its: _____

By: USA Huntington Park 607, Inc.,
a California corporation,
its administrative general partner

By: _____
Geoffrey C. Brown, President

ATTACHMENT D

HOME AGREEMENT AND REGULATORY AGREEMENT

**FIRST AMENDMENT AND COMPLETE RESTATEMENT OF THE HOME
AGREEMENT**

by and between

THE CITY OF HUNTINGTON PARK

and

**CITY HOUSING-RUGBY ASSOCIATES
(6330 RUGBY AVENUE)**

**FIRST AMENDMENT AND COMPLETE RESTATEMENT OF THE HOME
AGREEMENT**

RECITALS

A. City is a California municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development that has received funds from HUD pursuant to the federal HOME Investment Partnerships Act and HOME Investment Partnerships Program, 42 U.S.C. Section 12701, et seq., and the implementing regulations thereto set forth in 24 CFR §92.1, et seq. (“HOME Program”) for the purposes of strengthening public-private partnerships to provide more affordable housing, and particularly to provide decent, safe, sanitary, and affordable housing, with primary attention to housing for very low income and lower income households in accordance with the HOME Program. The HOME Program funds are used by the City, as a participating jurisdiction, to carry out multi-year housing strategies through acquisition, rehabilitation, and new construction of housing for target income persons and families.

B. The City and Owner, are parties to a Development Agreement, dated as of April 25, 1995 (as amended, modified, supplemented, and replaced from time to time, collectively, the "Development Agreement").

C. Pursuant to the Development Agreement that certain property located at 6330 Rugby Avenue, Huntington Park, CA, described in more detail on EXHIBIT A attached hereto and made a part hereof ("Site") was improved with a 184-unit affordable, age-restricted apartment building and two-level parking structure with the residential units ("Project").

D In furtherance of the Development Agreement City advanced \$400,000 in HOME Program (as defined below) funds to Huntington Park CHDO, Inc., a California Public Benefit Non-Profit Corporation (“HP CHDO”).

NOW, THEREFORE in consideration of the mutual covenants and obligations herein contained, including the exhibits attached hereto, and subject to the terms and conditions hereinafter stated, the parties hereto understand and agree as follows:

100. CITY ASSISTANCE

101. City Grant. The City agrees to lend to the Developer and the Developer hereby agrees to borrow from the City an amount not to exceed -Four Hundred Thousand Dollars

(\$400,000) in HOME funds, subject to the terms and conditions set forth in this Agreement, and subject further to the terms and conditions set forth within the documents and instruments executed by the Developer in connection with this transaction, including the "the "Regulatory Agreement," in substantially the form set forth in EXHIBIT B.

102. Term of Agreement. The term of this Agreement shall commence upon the date on which this Agreement has been signed by both parties and remain in full force and effect and shall apply to the Property through and including the date which is twenty (20) years following the date of recordation of the Release of Construction Covenants and project completion in the Federal Integrated Disbursement and Information System (IDIS), unless terminated earlier pursuant to the terms of this Agreement.

103. Schedule of Performance. Subject to the provisions of Section 503 (Force Majeure), the Developer and City shall perform their obligations hereunder within the times specified in the Schedule of Performance, or such reasonable extension of those dates as may be granted by each Party to the other in writing. The Schedule of Performance is subject to revision from time to time as and if mutually agreed upon in writing between the Developer and City Manager.

104. Use of Funds. The Developer hereby represents that the Developer shall use the City Grant only for the purposes set forth in this Agreement and only for the reimbursement of eligible costs under the HOME program regulations incurred for the construction of the Property. The Developer hereby also represents that the proceeds of the City Grant shall not be used for project reserve accounts, monitoring, servicing and origination fees, or for expenditures made or incurred more than one year after Certificate of Completion. Any expenditure of the City Grant that is not authorized by this Agreement or is found to be ineligible under the HOME Program Regulations shall be disallowed. Any disallowed expenditures shall be returned to the City within thirty (30) days of discovery by the City, the Developer or the Department of Housing and Urban Development ("HUD") unless the City or HUD approves in writing an alternative plan to remedy the disallowance.

105. Disbursement of the City Grant. The City Grants Grant shall be disbursed to or on behalf of the Developer for: (a) the portion of the cost of construction of the Property and (b) and other indirect costs to fulfill future Property development including architectural and engineering services, ("Indirect Costs") upon the satisfaction of the condition precedents set forth herein. If there are any remaining proceeds of the City Grant after the completion of the acquisition, such proceeds shall be retained by the City, and the outstanding principal amount of the City Grant shall be reduced accordingly.

106. Condition of the Property. The following requirements shall apply to the Property:

106.1 Indemnification. Developer shall save, protect, pay for, defend, indemnify and hold harmless the City and its officers, employees, representatives and agents, from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs) (the foregoing are hereinafter collectively referred to as

“Liabilities”) which may now or in the future be incurred or suffered by the City or its officers, employees, representatives or agents by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Materials whether or not caused by Developer, or its agents, employees, representatives, agents, contractors or invitees.

106.2 Duty to Prevent Hazardous Material Contamination. During the Construction and operation of the Property, the Developer shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. The Developer shall notify the City, and provide to the City a copy or copies, of any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and the Developer shall report to the City, as soon as possible after each incident, any unusual, potentially important incidents in the event of a release of any Hazardous Materials into the environment.

106.3 Definitions.

For purposes of this Section 108, “Governmental Requirements” shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Property.

For purposes of this Section 108, “Hazardous Materials” means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a “hazardous waste,” “extremely hazardous waste,” or “restricted hazardous waste” under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as “hazardous substances” pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq.* (42 U.S.C. §6903) or (xii) defined as “hazardous substances” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq.*

200. CONSTRUCTION OF THE IMPROVEMENTS.

201. Construction of the Property. The Developer agrees to Construct the Property in accordance with the Scope of Development and Development Budget and the Schedule of Performance, which is attached hereto as Exhibit E and Exhibit D respectively and incorporated herein by reference, meet in accordance with 24 CFR §92.251 all applicable State and local codes, ordinances, and zoning requirements, in the absence of a State or local building code, the International Residential Code or International Building Code (as applicable to the type of housing) of the International Code Council. As applicable to the Project, Developer shall cause the Property to meet the cost-effective energy conservation and effectiveness standards in 24 CFR 39 and meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201 the design and Construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619), mitigate the effects of potential disasters such as earthquakes and flooding, as well as the City's written standards for methods and materials, plans, specifications, work write-ups, and cost estimates.

In conducting said Construction, the Developer shall obtain and/or satisfy land use and zoning requirements such as entitlements, land use approvals and obtain all necessary building permits and approvals. The Developer shall submit the work write-up, all plans, color and material selections (i.e. fixtures, floor and wall coverings) to the City staff for prior design review approval.

Developer is to certify that, upon project completion, each of the following major systems must have a remaining useful life for a minimum of 15 years or for such longer period specified by the participating jurisdiction: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

201.1 Construction Plans. The Developer is to submit for City approval the and Construction plans and specifications, environmental reports, physical needs assessment and required detailed plans, including Floor Plan, Site Plan, Floor Plan and Landscape Plan, materials and working drawings, collectively considered the Construction Plans in accordance with the City's property standards that include all requirements of applicable state and local codes and the City's written standards for methods and materials that address health and safety, habitability and functionality, useful life of major systems, lead-based paint, accessibility, disaster mitigation, and other improvements.

201.2 Request for Payment. For Construction costs, Developer shall have submitted a request for payment to the City on a form supplied by the City, together with invoices from contractors and subcontractors and any other requested information and documents, indicating that the particular item of Construction work for which payment is being requested is complete.

201.3 Inspection of Work. For Construction costs, the City shall have inspected the particular item of Construction work for which payment is being requested and shall have determined that such Construction work has been completed in accordance with this

Agreement and has been completed in a satisfactory manner in accordance with the standards of the Construction industry.

201.4 Completion of Project. For payment of the Developer Fee as described in Section 107, the Construction of the Property shall have been completed in accordance with the requirements of this Agreement or any subsequent agreement and a Release of Construction Covenants has been issued.

201.5 Use of Debarred, Suspended, or Ineligible Participants. Developer shall comply with the provisions of 24 CFR 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status and include form HUD-2992 "Certification Regarding Debarment and Suspension" in all contracts.

201.6 Maintenance of Drug-Free Workplace. Developer shall certify that Developer will provide a drug-free workplace in accordance with 24 CFR 24F.

202. Scope of Development. The City shall not be responsible to the Developer or to third parties in any way for any defects in the Scope of Development, nor for any structural or other defects in any work done according to the approved Scope of Development. The Developer shall hold harmless, indemnify and defend the City and their officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the Scope of Development, including without limitation the violation of any laws, and for defects in any work done according to the approved Scope of Work. In accordance with requirements posed by the State Historic Preservation Officer under the Section 106 process, a halt-work condition is in place for any ground disturbing activities. The Developer is to include the following language in any construction or demolition contract: If a paleontological or archeological artifact is uncovered during the course of demolition or excavation, the contractor is to stop work and promptly notify the City of Huntington Park Community Development Department (City). Upon notification, the City is to contact the State Department of Historic Preservation within 48 hours to indicate the discovery and any proposed action.

203. Cost Construction. The Indirect Costs related to the Construction of the Property shall be paid with a portion of the proceeds the City Grant. The Developer shall be responsible for any additional funds necessary to complete the Construction of the Property; provided, however, that in the event that there are insufficient City Grant proceeds available to fund such work, the City shall reasonably consider deleting certain work from the Scope of Work if the Developer waives all or a portion of the Developer fee, in order to assure that there are sufficient funds for the Construction.

204. Timing of Construction. The Developer hereby covenants and agrees to commence the Construction of the Property within the time set forth in the Schedule of Performance. The Developer further covenants and agrees to diligently prosecute to completion the Construction of the Property in accordance with the approved Scope of Work and to file a Release of Construction Covenants pursuant to California Code Section 3093 within the time set forth in the Schedule of Performance. In the event Developer fails to complete Construction of

the Property within four years of the agreement, Developer is to reimburse the City for all HOME funds used on the Property.

205. Release of Construction Covenants. Promptly after completion of the Construction on the Property, the City shall furnish the Developer with a Release of Construction Covenants upon written request by the Developer. The Release of Construction Covenants shall be and shall constitute a conclusive determination of satisfactory completion of the Construction required by this Agreement for the Property for which the Certificate is issued. City shall not unreasonably withhold any such Certificate of Completion. The Release of Construction Covenants shall be in such form as to permit it be recorded in the Recorder's Office of Los Angeles County.

Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder, or any insurer of a mortgage securing money loaned to finance the Property, its Construction or any part thereof. Such Release of Construction Covenants is not a Release of Construction Covenants as referred to in California Civil Code Section 3093.

206. City and Other Governmental Permits. Before commencement of the Construction of the Property, the Developer shall secure or cause its contractor to secure any and all permits which may be required by the City or any other governmental agency affected by such Construction, including without limitation building permits. The Developer shall pay all necessary fees and take all actions necessary to obtain such permits; the Housing Division staff of the City will, without obligation to incur liability or expense therefore, use reasonable efforts to expedite the City's issuance of building permits for Construction that meets the requirements of the City Municipal Code, and all other applicable laws and regulations.

207. Right of the City to Satisfy Other Liens on the Property After City HOME Funds Disbursement. After the Developer has had written notice and has failed after a reasonable time to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Property which are not otherwise permitted under this Agreement, the City shall have the right but no obligation to satisfy any such liens or encumbrances. If such lien or encumbrance is paid by the City, such amount shall be automatically added to the City Grant. Notwithstanding the above, the Developer shall have the right to contest the validity or amounts of any tax, assessment, or encumbrance applicable to the Developer in respect thereto.

208. Insurance. The Developer shall take out and maintain a comprehensive general liability policy in the amount of not less than One Million Dollars (\$1,000,000) combined single limit policy and a general aggregate limit of Two Million Dollars (\$2,000,000) and an automobile bodily injury and property damage insurance, including all owned, hired and non-owned equipment with combined bodily injury and property damage liability of One Million Dollars (\$1,000,000) per occurrence. Such insurance shall also be maintained by any contractor hired by the Developer to conduct the Construction of the Property until its completion and such insurance shall meet the requirements set forth herein including naming the City as an additional insured. In addition, the Developer shall maintain insurance in the amount of One Million Dollars (\$1,000,000) against damages sustained by reason of any action, claim or demand made by reason of breach or claim for breach of contract, or by reason of any contractual liability or alleged contractual liability on any contract entered into by the Developer or its contractors, subcontractors, agents or employees with respect to the Property. All policies shall protect the

Developer and the City from claims for such damages, and be issued by an insurance carrier qualified to do business in the State of California, which carrier is reasonably satisfactory to the City. Such policy or policies shall be written on an occurrence form. The Developer shall also furnish or cause to be furnished to the City evidence satisfactory to the City that Developer and any contractor with whom it has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Prior to the date set forth in the Schedule of Performance for the satisfaction of conditions precedent to disbursement of the City Grant, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the City setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and its respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status, which shall be provided as a separate endorsement attached to the certificate. The certificate and separate endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. Last, the Developer shall also take out and maintain from the date of the Closing until the end of the Affordability Period a policy of property damage insurance, with the policy amount in the full replacement value of the Property, including all improvements thereon. During Construction the insurance shall include a course of construction endorsement and an inflation factor endorsement. City shall be named as a mortgagee loss payee on such policy. The Developer shall, in addition, obtain and keep in force during Construction until completion a policy of builders' risk insurance. If any such insurance coverage has a deductible clause, the deductible amount shall not exceed fifty thousand dollars (\$50,000) or such other amount approved to by the City per occurrence, and the Developer shall be liable for such deductible amount.

The procuring of such required policies of insurance shall not be construed to limit the Developer's liability hereunder, or to fulfill the indemnification provisions and requirements of this Agreement. Notwithstanding the insurance policies, the Developer shall be obligated for the full and total amount of any damage, injury, or loss caused by negligence or neglect suffered or incurred by City connected with this Agreement or with the use, development, or occupancy of the Property.

209. Indemnification. The Developer shall defend, indemnify, assume all responsibility for, and hold the City, and its representatives, volunteers, officers, employees and agents, harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation thereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any negligence, willful misconduct, acts or omissions of the Developer under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this

Agreement. The Developer shall not be liable for property damage or bodily injury to the extent occasioned by the sole negligence of the City or its agents or employees.

210. Entry by the City. Developer shall permit the City, through its officers, agents or employees, at all reasonable times to enter onto the Property and inspect the Property and work of Construction to determine that the same is in conformity with the Scope of Work and all the requirements hereof. After issuance of the Certificate of Completion, the Property will be inspected by the City not less than annually to ensure compliance with the requirements of this Agreement. Developer acknowledges that the City is under no obligation to supervise, inspect, or inform Developer of the progress of Construction, and Developer shall not rely upon the City therefore. Any inspection by the City is entirely for its purposes in determining whether Developer is in default under this Agreement and is not for the purpose of determining or informing Developer of the quality or suitability of Construction. Developer shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers.

211. Compliance with Laws. The Developer shall carry out the acquisition, design, Construction and operation of the Property in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

211.1 Taxes and Assessments. The Developer shall pay, prior to delinquency, all ad valorem real estate taxes and assessments assessed and levied on the Property subsequent to the Developer's acquisition of fee title thereto. The Developer shall have the right to contest in good faith any such taxes or to receive an exemption from the payment of such taxes as provided above, including applying for a full or partial exemption from the payment of property taxes and assessments, which would otherwise be assessed upon the Property.

211.2 Liens and Stop Notices. The Developer shall not allow to be placed on the Property or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Property the Developer shall within thirty (30) days of such recording or service or within five (5) days of the City's demand, whichever last occurs: pay and discharge the same; or effect the release thereof by recording and delivering to the City a surety bond in sufficient form and amount, or otherwise; or provide the City with other assurance which the City deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City from the effect of such lien or bonded stop notice.

211.3 HOME Program Requirements. The City HOME Grant will be provided through funds provided to the City from the HOME Investment Partnership Act, 42 U.S.C. § 12701, *et seq.*, as it now exists and as it may hereafter be amended, pursuant to the implementing regulations set forth at 24 CFR 92, as they now exist and as they may hereafter be amended (the "HOME Program"). Accordingly, the Developer shall comply with all applicable requirements of the HOME Program, as it now exists or may hereafter be amended, including the statutes, rules, regulations and such policies and procedures of HUD pertaining to the programs.

Specifically, without limitation, as applicable, the Construction shall comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. §327a - 332) and other federal laws and regulations pertaining to labor standards. The Developer acknowledges that it is familiar with such applicable provisions and has been professionally advised to the extent necessary for the purpose of enabling the Developer to fully comply with such provisions at its sole cost. Upon request, the City shall provide to the Developer a copy of applicable HOME Program requirements

300. OPERATION OF HOUSING

301. Affordable Units. The Developer agrees to make available, restrict occupancy to, and lease 24 percent or 45 of the units housing unit within the Property to households with incomes that do not initially exceed fifty percent (50%) of Los Angeles County median income ("AMI"), adjusted for family size ("Very Low Income Households" and to make available, restrict occupancy to, and lease 25 percent or 46 of the units housing unit within the Property to households with incomes that do not initially exceed sixty percent (60%) of Los Angeles County median income ("AMI"), adjusted for family size ("Low Income Households")), as established and amended from time to time by the United States Department of Housing and Urban Development ("HUD"). The Developer shall comply with the terms set forth below and in the Regulatory Agreement which is attached hereto as Exhibit F and incorporated herein by reference. The HOME Unit shall be "fixed unit" as defined in the HOME regulations.

The Developer shall obtain, at Developer's expense, a completed income computation and certification form from tenants residing in Affordable Unit in the Property at the time the Developer's acquisition of the Property, as well as prospective tenants of the Affordable Units in the Property after the Developer's Construction of the Property. Developer shall obtain such certification prior to the rental or lease of any Affordable Unit in the Property to a new tenant, and within a reasonable time after Developer's acquisition of the Property with respect to existing tenants, and annually thereafter. No new tenants shall be permitted to lease an Affordable Unit unless such certification demonstrates that such prospective tenant is a Low Income Household and meets the eligibility requirements established for the Affordable Unit.

The Developer shall initially determine annual income in accordance with HOME regulations at 24 CFR 92.203 (a)(1)(i) by examining the source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the household and subsequently determine income during the period of affordability by obtaining a written statement and certification of annual income from each Low Income HOME Household established at 24 CFR 92.203(a)(1)(ii) and in accordance with 24 CFR 92.252 (h), substantially in the form of Exhibit G attached hereto and fully incorporated by this reference. Such income certifications shall be available for inspection and copying by the City upon reasonable advance notice during normal business hours. The Developer shall verify the income of each proposed and existing tenant of the Affordable Units in the Property by at least annually

The Property shall be subject to the requirements of this Article through and including the date which is 20 years following the recordation of the Release of Construction Covenants and the completion of the Project in the Federal Integrated Disbursement and Information System (IDIS). The duration of this requirement shall be known as the "Affordability Period."

302. Affordable Rent. The maximum Monthly Rent chargeable for units shall be annually determined in accordance with the following requirements.

302.1 Maximum Monthly Rent Paid by Tenant. The maximum monthly Rent chargeable for the Housing Units shall be annually determined by City in accordance with Section 92.252 of the HOME Regulations and the Tax Credit Rules, as applicable, pursuant to the following formulas:

(a) The Affordable Rent for the Housing Units to be rented to 50% AMI Very Low Income Households shall not exceed:

(i) for the HOME Units: the lesser of: (A) one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules or (B) the applicable Low HOME rent amount pursuant to the HOME Regulations, and

(ii) for the Housing Units that are not HOME Units: one-twelfth (1/12) of thirty percent (30%) of thirty percent (50%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

(b) The Affordable Rent for the Housing Units to be rented to 60% AMI Very Low Income Households shall not exceed:

(i) for the HOME Units: the lesser of: (A) one-twelfth (1/12) of thirty percent (30%) of sixty percent (60%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate for the unit pursuant to the Tax Credit Rules or (B) the applicable High HOME rent amount pursuant to the HOME Regulations, and

(ii) for the Housing that are not HOME Units, one-twelfth (1/12) of thirty percent (30%) of fifty percent (60%) of AMI for Los Angeles County as determined and published by TCAC for a family of a size appropriate to the unit pursuant to the Tax Credit Rules.

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

a. The Monthly Rent payable by each tenant of the two housing units at 6303 and 6303½ Marconi Street designated for Low Income Households shall not exceed the lesser of: (i) High HOME Rents defined as the lesser of the fair market rent for comparable housing in the area as established by HUD pursuant to CFR 888.111, less the monthly allowance for utilities and services to be paid by each tenant, or (ii) thirty percent (30%) of sixty-five percent (65%) of Los Angeles County median income as determined by HUD for purposes of this Agreement as set forth in the HOME Regulations.

b. “Monthly Rent” means the total of monthly payments for (i) use and occupancy of the Property and land and facilities associated therewith, (ii) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (iii) a reasonable allowance for an adequate level of service of utilities not included in (i) or (ii) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (iv) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

c. A household who at the time of income certification qualified as a low income household shall continue to be deemed so qualified, until such time as the person or family’s income is re-determined and the person or family is determined by the Developer to no longer be so qualified, even if such person or family’s income has subsequently increased to an amount above the applicable income level. If the income of a tenant in any Low HOME designated unit exceeds 80 percent of adjusted median income the tenant’s monthly rent will be adjusted to the lesser of 30 percent of the tenant’s monthly adjusted income or market rent, as reasonably determined by the City and the Developer.

302.2 Developer Rent Schedule and Utility Allowance. City will review and approve or disapprove the Affordable Rents proposed by Developer for all of the Housing Units together with the monthly allowances proposed by Developer for utilities and services to be paid by the tenant, within 5 Business Days of receipt thereof. Developer must annually reexamine the income of each tenant household living in the Housing Units annually in accordance with Sections 305.2 herein. The maximum monthly rent must be recalculated by Developer and reviewed and approved by City annually within 5 Business Days of receipt thereof, and may change as changes in the applicable gross Rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in Rents for the Housing Units is subject to the provisions of outstanding leases. Developer must provide all tenants not less than thirty (30) days prior written notice before implementing any increase in Rents.

302.3 Increases in Tenant Income. A tenant who qualifies as a 50% AMI Very Low Income Household, a 60% AMI Very Low Income Household prior to occupancy of a Housing Unit in compliance with the Agreement shall be deemed to continue to be so qualified until such time as the annual re-verification of such tenant's income demonstrates that such tenant no longer qualifies as a 50% AMI Very Low Income Household or a 60% AMI Very Low Income Household, as applicable. A tenant occupying a Housing Unit whose income increases, causing that tenant household to cease to be income qualified in the same category shall, if that tenant household continues to qualify in a higher income category provided for under this Agreement, be deemed to so qualify and the Housing Unit occupied by such tenant household shall be counted towards Developer's obligation to provide a Housing Unit for households in such income category. The Housing Units shall be "floating units" as defined in the HOME Regulations, such that the location of the Housing Units designated for each income category as well as the Housing Units designated as HOME Units may change within the Project provided that the next available Housing Unit containing the appropriate number of bedrooms shall be used to replace any Housing Units re-designated due to an increase in tenant income, such that to the extent reasonably practicable, the Project shall continuously comply with the unit mix set forth in Section 305.2(d). A tenant household whose income increases such that such tenant household ceases to be income qualified to occupy any Housing Unit at the Project, may continue to occupy his Housing Unit and be charged rent including a reasonable utility allowance, not greater than the lesser of thirty percent (30%) of the household's adjusted monthly income, recertified annually, or the market rent applicable to the Housing Unit as published by HUD.

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

303. Lease Requirements. Prior to disbursement of the City Grant, the Developer shall submit a standard lease form to the City for its approval. The City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the HOME Program and the HOME Regulations, including without limitation: (i) the obligation to provide complete and timely income verifications, as and when reasonably requested by Developer and/or City, but not less frequently than prior to initial occupancy and then annually during the term of tenancy, (ii) a description of the Affordable Rent for Low Income Households, (iii) the rules and regulations for use, occupancy, and quiet enjoyment of the Housing Unit and the Property, (iv) tenant protections relating to notices, eviction, and such other matters as required by the HOME Program, and (v) such other terms as Developer and/or City deem reasonably necessary.

The Developer shall enter into a written lease, in the form approved by the City, with each tenant of an Affordable Unit. Each lease shall be for a period of not less than one year unless mutually agreed to by the Developer and tenant, and shall not contain any of the provisions which are prohibited pursuant to Section 92.253 of the HOME Regulations.

304. Affirmative Marketing. The rental of the Affordable Units shall be conducted in accordance with the affirmative marketing requirements which have been adopted by the City and the requirements of Section 92.351, or successor regulation, of the HOME Regulations and other applicable HOME Program requirements.

305. Selection of Tenants. Developer shall be responsible for the selection of tenants for the Housing Units in compliance with the HOME Program, Federal Program Limitations (to the extent applicable) and all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by City pursuant to this Agreement. Preference shall be given for occupancy of the Housing Units that are not subject to project based Section 8 assistance to (i) tenants who currently reside within the City, or who currently work in the City, or who have been displaced by activities of the City of Huntington Park and (ii) eligible tenants on the City's tenant waiting list who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria, to the extent authorized by applicable federal, state or local laws or regulations. Developer shall adopt a tenant selection system for the HOME Units in conformance with Section 92.253(e) of the HOME Regulations, which shall be approved or disapproved by the City Manager within 5 Business Days of receipt thereof in his reasonable discretion, which establishes a chronological waiting list system for selection of tenants. The tenant selection system shall include, without limitation, a method for investigation of the credit history of proposed tenants through obtaining a credit report on the proposed tenant. To the extent Housing Units are available, Developer shall not refuse to lease to a holder of a certificate of family participation under 24 CFR part 882 (Rental Certificate Program) or a rental voucher under 24 CFR part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a HOME Program other tenant-based assistance program solely on the basis of such certificate, voucher, or comparable document, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

305.1 Initial Lease-Up Requirement. In the event the HOME designated unit is not rented to eligible tenants, and initially occupied, within 12 months after the issuance of the Release of Construction Covenants (subject to extension for Force Majeure), the Developer shall repay a portion of the City Grant for each unit that was not initially occupied in an amount proportionate to the amount of HOME funds disbursed for the Project.

305.2 Income and Occupancy Restrictions. As included in the annual income certification provided by Developer or as otherwise reasonably requested by City, Developer shall make available for City Manager's review such information as Developer has reviewed and considered in its selection process, together with the statement by Developer that Developer has determined that each selected tenant will comply with all applicable terms and conditions of this Agreement in each tenant's occupancy of a Housing Unit, including without limitation, that each corresponding household satisfies the income eligibility requirements, Affordable Rent requirements, and other requirements of this Agreement.

(c) In this regard, Developer covenants and agrees that (i) each tenant (other than the on-site Property Manager) shall and will be a 50% AMI Very Low Income Household, a 60% AMI Low Income Household, and (ii) the cost to each tenant household (other than the on-site Property Manager) for the corresponding Housing Unit on the Property shall be at and within the

defined Affordable Rent for the applicable 50% AMI Very Low Income Household or 60% AMI Low Income Household, and (iii) each tenant household (other than the on-site Property Manager) shall meet HQS occupancy standards for the Housing Unit, and (iv) the occupancy and use of the Property shall comply with all other covenants and obligations of this Agreement (collectively, "Tenant Selection Covenants").

(d) Developer covenants that:

(i) 24 percent or 45 of the units will be restricted to very low income households at Low HOME rents and 25 percent or 46 units of the units will be restricted to low income households at High HOME rents)

(ii) Seventy-five (75) of the one (1) bedroom Housing Units at the Project (Thirty-Six (36) of which shall be designated as HOME units) shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent;

(iii) Eighteen (18) of the two (2) bedroom Housing Units at the Project (Nine (9) of which shall be designated as HOME units) shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent;

(iv) Seventy-Two (72) of the one (1) bedroom Housing Units at the Project (Thirty-Seven (37) of which shall be designated as HOME Units) shall be occupied by 60% AMI Very Low Income Households at an Affordable Rent;

(v) Seventeen (17) of the two (2) bedroom Housing Units at the Project (Nine (9) of which shall be designated as HOME Units) shall be occupied by 60% AMI Very Low Income Households at an Affordable Rent;

(vi) One (1) of the three (3) bedroom Housing Units at the Project shall be occupied by 30% AMI Very Low Income Households at an Affordable Rent;

(vii) Three (3) of the three (3) bedroom Housing Units at the Project (two (2) of which shall be treated as HOME Units) shall be occupied by 50% AMI Very Low Income Households at an Affordable Rent

(viii) Two (2) two (2) bedroom Housing Unit at the Project shall be occupied by an on-site property manager. The on-site manager is not required to income qualify as a 50% AMI Very Low Income Household or 60% AMI Very Low Income Household; nor shall the monthly housing payment charged for the on-site manager's Housing Unit be restricted to an Affordable Rent, nor shall Developer be required to comply with any other requirements set forth in this Agreement relating to the income or other Tenant Selection Covenants when selecting and retaining such on-site manager.

306. Income Certification Requirements.

306.1 Initial Certification. Prior to each initial and subsequent rental of each Housing Unit to a new tenant household (but not lease renewals), Developer shall provide to the City Manager completed income tenant income certifications in the form to be provided to TCAC. In order to comply with this Section, Developer shall submit to City any and all tenant income and occupancy certifications and supporting documentation required to be submitted to

TCAC pursuant to the Tax Credit Rules and the Tax Credit Regulatory Agreement for the Project. City may request (and Developer shall provide) additional documentation to assist City's evaluation of Developer's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the City Manager, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with the HOME Regulations and Federal Program Limitations, as applicable. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 24 CFR 92.203. "Annual income" is defined at 24 CFR 5.609. City approval is a condition precedent to tenants entering into leases or occupying Housing Units.

306.2 Verification of Income of Continuing Tenants. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 24 CFR 92.203. "Annual income" is defined at 24 CFR 5.609. Following the completion of the Rehabilitation and occupancy of the Housing Units, and annually thereafter (on or before March 31 of each year), Developer shall submit to City, at Developer's expense, a written summary of the income, household size and rent payable by each of the tenants of the Housing Units. Developer shall obtain, or shall cause to be obtained by the Property Manager, at the times and in the forms required by TCAC, an annual certification from each household leasing a Housing Unit demonstrating that such household is a 50% AMI Very Low Income Household or 60% AMI Very Low Income Household, as applicable, and meets the eligibility requirements established for the Housing Unit. Developer shall verify, or shall cause to be verified by the Property Manager, at the times and with such forms as are required by TCAC, the income certification of each tenant household. In order to comply with this Section, Developer shall submit to City any and all tenant income and occupancy certifications and supporting documentation that may be necessary to verify compliance with the HOME Regulations and Federal Program Limitations, as applicable. This requirement is in addition to and does not replace or supersede Developer's obligation to annually submit the Certificate of Continuing Program Compliance to City.

307. Occupancy Standards. Occupancy of one bedroom housing units shall be limited to three persons. Occupancy of two bedroom housing units shall be limited to five persons. Occupancy of three bedroom housing units shall be limited to seven persons. Occupancy of four bedroom housing units shall be limited to nine persons. Notwithstanding the foregoing, however, no residents of the Affordable Units as of the date of this Agreement shall be evicted from their apartment units solely because such residents do not meet the occupancy standards requirements of this Section 306.

308. Maintenance. Developer shall, at its sole cost and expense, maintain or cause to be maintained the interior and exterior of the Project and all Housing Units thereof and the Property in a decent, safe and sanitary manner, in accordance with the maintenance standards required by Section 92.251 of the HOME Regulations, and in accordance with the standard of maintenance of high quality apartments within Los Angeles County, California. At the time of Project Completion and during the period of affordability, the City must conduct on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of 24 CFR §92.251. The property owner must annually certify to the City that the building and all HOME assisted units in the Project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the City's ongoing property standards in accordance with 24 CFR §92.251

None of the Housing Units in the Project shall at any time be utilized on a transient basis, nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home, or be converted to condominium ownership. If at any time Developer fails to maintain the Project or the Property in accordance with this Agreement and such condition is not corrected within five (5) days after written notice from City with respect to health and safety deficiencies, graffiti, debris, and waste material, or thirty days after written notice from City with respect to other of the City's property standards, then City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Project or the Property and perform all acts and work necessary to protect, maintain, and preserve the Project and the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to City upon demand.

309. Management Plan. The Developer shall submit for the approval of the City a "Management Plan" which sets forth in detail the Developer's property management duties, the affirmative marketing procedures in accordance with Section 304 hereof, the tenant selection process in accordance with Section 305 hereof, a security system and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the Property and manner of enforcement, a standard lease form in accordance with Section 303 hereof, the identity of the manager of the Property (the "Property Manager") including a copy of the proposed management agreement specifying the amount of the management fee and relationship and division of responsibilities between the Developer and the Property Manager, and other matters relevant to the management of the Property. Alternatively, approval of the Developer's self-management of the Property by the City shall not be unreasonably withheld. The Management Plan shall require the Developer to adhere to a fair lease and grievance procedure and provide a plan for tenant participation in management decisions. The management of the Property shall be in compliance with the Management Plan. Approval of the Management Plan must be obtained from the City prior to the disbursement of the City Grant. The Management Plan, including such amendments as are approved by the City, shall remain in effect for the term of the City Regulatory Agreement. The Management Plan and any of its component plans or agreements may be amended by the Developer only with the prior approval of the City.

309.1 Gross Mismanagement. In the event of "Gross Mismanagement" (as that term is defined below) of the Project or any part of the Project, City Manager shall have and retain the authority to direct and require any condition(s), acts, or inactions of Gross Mismanagement to cease and/or be corrected immediately, and further to direct and require the immediate removal of the Property Manager and replacement with a new qualified and approved Property Manager, if such condition(s) is/are not ceased and/or corrected after expiration of thirty (30) days from the date of written notice from City Manager. If such condition(s) do persist beyond such period City Manager shall have the sole and absolute right to immediately and without further notice to Developer(or to Property Manager or any other person/entity) replace the Property Manager with a new property manager of the City Manager's selection at the sole cost and expense of Developer. If Developer takes steps to select a new Property

Manager that selection is subject to the requirements set forth above for selection of a Property Manager.

For purposes of this Agreement, the term "Gross Mismanagement" shall mean management of the Project (or any part of the Project) in a manner which violates the terms and/or intention of this Agreement to operate a high quality rental housing complex comparable to other similar complexes in Los Angeles County, California, and shall include, but is not limited to, any one or more of the following:

- (i) Knowingly leasing to tenants who exceed the prescribed income levels;
- (ii) Knowingly allowing the tenants to exceed the prescribed occupancy levels without taking immediate action to stop such overcrowding;
- (iii) Underfunding required reserve accounts, unless funds are reasonably not available to deposit in such accounts;
- (iv) Failing to timely maintain the Project in accordance with the Management Plan and the manner prescribed herein;
- (v) Failing to submit timely and/or adequate annual reports to City as required herein; Fraud or embezzlement of Project funds, including without limitation funds in the reserve accounts;
- (vi) Failing to reasonably cooperate with the Huntington Park Police Department or other local law enforcement agency(ies) with jurisdiction over the Project, in maintaining a crime-free environment within the Project;
- (vii) Failing to reasonably cooperate with the Huntington Park Fire Department or other local public safety agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project;
- (viii) Failing to reasonably cooperate with the Huntington Park Planning & Building Department, including the Code Enforcement Division, or other local health and safety enforcement agency(ies) with jurisdiction over the Project, in maintaining a safe environment within the Project; and
- (ix) Spending funds from the Capital Replacement Reserve account(s) for items that are not defined as capital costs under the standards imposed by generally accepted accounting principles (GAAP) and/or, as applicable, generally accepted auditing principles.

Notwithstanding the requirements of the Property Manager to correct any condition of Gross Mismanagement as described above, Developer is obligated and shall use commercially reasonable efforts to correct any defects in property management or operations at Developer shall include advisement and provisions of the foregoing requirements and requirements of this Agreement within any contract between Developer and its Property Manager.

309.2 Marketing. Developer shall comply with an affirmative marketing plan reasonably approved by City, including methods for informing the public and potential tenants

about the federal fair housing laws, procedures to inform and solicit applications from persons in the housing market area not likely to apply for tenancy at the Housing Units without special outreach and recordkeeping methods that will permit City to evaluate the actions taken by Developer(or Property Manager) to affirmatively market the Housing Units at the Project. Specific procedures for marketing and releasing Housing Units shall be set forth in the Management Plan and shall include:

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

(ii) Posting advertisements and notices of the vacancy(ies) at local religious institutions, community centers, public buildings such as post-offices and City Hall, and the Huntington Park Senior Center.

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

309. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in California Health and Safety Code Section 33418 and the HOME Program, including Section 92.508 (or successor regulation) of the HOME Regulations, and shall annually complete and submit to City a Certification of Continuing Program Compliance substantially in the form of Exhibit G, or other form provided by City Manager. Representatives of City shall be entitled to enter the Property, upon at least seventy-two (72) hours notice, to monitor compliance with this Agreement, to inspect the records of the Project, and to conduct an independent audit or inspection of such records. Developer agrees to cooperate with City in making the Property and all Housing Units thereon available for such inspection or audit. Developer agrees to maintain records in a businesslike manner, to make such records available to City upon seventy-two (72) hours notice, and to maintain such records for the entire Affordability Period.

310. Nondiscrimination Covenants. Developer covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. Developer shall also comply with the equal opportunity and fair housing requirements set forth in the HOME Regulations in addition to all applicable local, state and federal laws concerning discrimination in housing. The covenants established in this Section 310 shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City and their successors and assigns.

311. Regulatory Agreement. The Developer shall execute the Regulatory Agreement, which is attached hereto as Exhibit F and which regulates the rental units to ensure they are occupied by low-income households as required by this Agreement. The execution and

recordation of the Regulatory Agreement is a condition precedent to the disbursement of the City Grant, as set forth in Section 105.1 hereof.

500. DEFAULT AND REMEDIES

501. Events of Default. A failure by any party to perform any action or covenant required by this Agreement, the Regulatory Agreement, , or any loan or deed of trust for the Property which is senior to the City Grant, within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default" under this Agreement. A party claiming a Default shall give written notice of Default to the other parties specifying the Default complained of, which is attached hereto as Exhibit H. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party cures such default within five (5) days if the claimed Default is a failure to pay amounts due pursuant to the Promissory Note, or thirty (30) days from receipt of such notice for all other claimed Defaults hereunder. However, in the event that such Default is other than a failure to pay money and is of such a nature that it cannot reasonably be cured within thirty (30) days from receipt of such notice, the claimant shall not institute any proceeding against the other party, and the other party shall not be in Default if such party immediately upon receipt of such notice, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence as soon as reasonably possible thereafter. In the event that the Developer is in default on any loan or deed of trust senior to the City Grant, the Developer shall immediately deliver to the City a copy of such notice of default. Even if the holder of such loan or deed of trust has not exercised its rights or remedies with respect to such default, the City shall have the right (but not be obligated to) cure such default. In such event, the City shall be entitled to reimbursement from the Developer of all costs and expenses they have actually incurred in curing such default. The City shall be entitled to add the amount incurred by it to the amounts owing pursuant to the Promissory Note, and secured by the Deed of Trust.

Upon the occurrence of any uncured material default by the Developer, the City Grant shall be immediately repaid to the City.

502. Remedies. The occurrence of any event of Default shall give the nondefaulting party the right to proceed with any and all remedies set forth in this Agreement and/or the Promissory Note, Deed of Trust or Regulatory Agreement (collectively, the "City Grant Documents"), including an action for damages, an action or proceeding at law or in equity to require the defaulting party to perform its obligations and covenants under the City Grant Documents or to enjoin acts or things which may be unlawful or in violation of the provisions of the City Grant Documents, and the right to terminate this Agreement. In addition, the occurrence of any event of Default by Developer will relieve the City of any obligation to perform hereunder, including without limitation to make or continue the City Grant, and the right to cause all indebtedness of the Developer to the City under this Agreement, together with any accrued interest thereon, to become immediately due and payable.

503. Force Majeure. Subject to the party's compliance with the notice requirements as set forth below, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include the following: war, insurrection, strikes,

lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other party, or acts or failures to act of any public or governmental entity (except that the acts or failure to act of the City or the City shall not excuse performance of the Developer hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Inability to obtain financing for the acquisition or operation or Construction of the Property or its failure to pay its monetary obligations when due (as distinguished from the Developer's inability to make a payment by reason of a bank's failure or some other external cause not associated with the Developer's financial condition) shall not constitute an event beyond the control of the Developer for purposes of this Section 503.

504. Rights of Termination. In the event of any termination of this Agreement, all unpaid amounts due under the Promissory Note shall become immediately due and payable hereunder.

600. REPRESENTATIONS AND WARRANTIES OF Developer

601. Representations and Warranties of Developer. Developer, acknowledging that each provision in this Section 601 is material and is being relied upon by the City, represents and warrants the following to the City for the purpose of inducing the City to enter into this Agreement and to consummate the transactions contemplated hereby, all of which shall be true as of the date hereof and as of the date of disbursement of all or any portion of the City Grant:

a. Organization. The Developer is a Community Housing Development Organization as defined in HOME Regulations, 24 CFR 92.2 and shall provide documentation in accordance with HUD CPD Notice 97-11 to the City prior to disbursement of City Grant and thereafter by April 1 each year that the Developer continues to qualify as a Community Housing Development Organization.

b. Authority of Developer. Developer has full legal power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the City Grant Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, to acquire, Rehabilitate and operate the Property, and to perform and observe the terms and provisions of all of the above.

c. Valid Binding Agreements. This Agreement and the City Grant Documents and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Developer enforceable against it in accordance with their respective terms.

d. Pending Proceedings. Developer is not in default under any law or regulation or under any order of any court, board, City or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Developer, threatened

against or affecting Developer or the Property, at law or in equity, before or by any court, board, City or agency whatsoever which might, if determined adversely to Developer, materially affect Developer's ability to repay the City Grant or impair the security to be given to the City pursuant hereto.

e. Underwriting and Layering Review. Developer acknowledges that an underwriting and layering review was performed in accordance with 24 CFR 92.250 and CPD Notice 91-11 though no governmental funding other than HOME funds is contemplated. In connection with such review Developer acknowledges and agrees it shall be required to represent and certify to City that no government assistance other than the City Grant and a Bank Loan has been obtained or is contemplated to be obtained for the Construction of the Property. Developer agrees to notify City in the event that it applies for or proposes to use governmental funds, other than as listed in the previous sentence, for the Property or the Improvements thereto.

700. LIMITATIONS ON TRANSFERS

701. Prohibition. The identity and qualifications of Developer as a locally based, experienced and successful operator of affordable housing projects, and as a "Community Housing Development Organization" (as defined in the HOME Program regulations), are of particular concern to the City. It is because of this identity and these qualifications that the City has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement by assignment or otherwise, nor shall Developer make any total or partial sale, transfer, conveyance, encumbrance to secure financing, assignment or lease of the whole or any part of the Property, without the prior written approval of the City pursuant to Subparagraph (c) hereof, except as expressly set forth herein.

702. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, City approval of an assignment or transfer of this Agreement or the City Grant or conveyance of the Property or any part thereof pursuant to Section 703, shall not be required in connection with any of the following (the "Permitted Transfers"):

(i) Subject to the restrictions set forth in Section 300 of this Agreement and the Regulatory Agreement, the lease of units within the Property to qualified tenants.

(ii) Assignment for financing purposes, subject to such financing being considered and approved by the City pursuant to Section 105.1(g) hereof.

In the event of an assignment by Developer not requiring the prior approval of the City, Developer nevertheless agrees that at least ten (10) days prior to such assignment or transfer it shall give written notice to City of such assignment or transfer.

703. City Consideration of Requested Transfer. The City may approve a sale, transfer or conveyance provided that all of the following conditions are met: (a) the Developer delivers written notice to the City requesting such approval; (b) the Developer is in compliance with this Agreement or the sale, transfer or conveyance will result in the cure of any existing violations of this Agreement; (c) the proposed assignee or transferee possesses comparable operational experience and capability, and comparable net worth and resources, as the proposed

transferor or assignor, and (d) the assignee or transferee assumes the obligations of the Developer under this Agreement and all documents executed and delivered in implementation of this Agreement in a form which is reasonably acceptable to the City; (e) the assignee or transferee is a Community Housing Development Organization; and (f) any terms of the sale, transfer or conveyance shall not threaten the City's security or the successor's ability to comply with a HOME Program requirements or the provisions of the Regulatory Agreement. Any notice provided to the City shall be accompanied by evidence regarding the proposed assignee's or purchaser's qualifications and experience and its financial commitments and resources sufficient to enable the City to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 703 and other criteria as reasonably determined by the City. The City shall approve or disapprove the request within thirty (30) days of its receipt of the Developer's notice and all information and materials required herein. The City may grant its approval for a sale, transfer or conveyance subject to such terms and conditions as may be necessary to ensure compliance with HOME Program requirements. In no event, however, shall the City Grant, Promissory Note or Deed of Trust be assigned except to an approved transferee or assignee of the Developer's rights in and to the Property.

704. Successors and Assigns. This Agreement shall run with the land, and all of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and the permitted successors and assigns of the Developer. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

800. GENERAL PROVISIONS

801. Time. Subject to the remainder of this Section 801, time is of the essence with respect to this Agreement and the performance of each obligation contained herein. Wherever the time for performance of any obligation hereunder or if, pursuant to this Agreement, a party must act by a particular time, or an act is effective only if done by a particular time, and the last date for the performance of such obligation or the doing or effectiveness of such act falls on a day other than a business day, the time for the performance of such obligation or the doing or effectiveness of such act shall be extended to the next succeeding business day. The first day shall be excluded and the last day shall be included when computing the time in which an obligation is to be performed or an act is to be done under this Agreement. Except as provided herein to the contrary, all time periods shall end at 5:00 p.m., California time. City shall not unreasonably delay its response when the Developer is required or desires to obtain City's approval or consent hereunder.

802. Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice:

Developer: City Housing-Rugby Associates
Properties Fund
2440 Professional Drive

c/o USA

Roseville, California 95661
Attention: Geoffrey C. Brown

City: City of Huntington Park
 6550 Miles Avenue
 Huntington Park, California 0255
 Attention: City Manager

Such addresses may be changed by notice to the other party given in the same manner as provided above. Notices shall be deemed received as of the date shown on the delivery receipt as the date of delivery.

803. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the City and Developer and their permitted successors and assigns, and no other person or persons shall have any right of action hereon.

804. Partial Invalidity. The unenforceability or invalidity of any provision of this Agreement as to any person or circumstance shall not render that provision unenforceable or invalid as to any other persons or circumstance, and all provisions hereof, in all other respects, shall remain valid and enforceable to the fullest extent permitted by law. The provisions of this Agreement shall be construed to effectuate the purposes of this Agreement and to sustain the validity hereof.

805. Governing Law. This Agreement and the City Grant Documents and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto.

806. Entire Agreement. This Agreement, the exhibits and the documents referenced in this Agreement constitute the entire understanding and agreement of the parties, and supersede all negotiations or previous agreement between the parties with respect to all or any part of the subject matter hereof. This Agreement may be executed in duplicate originals, each of which shall be deemed to be an original.

807. Amendment. Only a writing signed by authorized representatives of the Developer and City may amend this Agreement.

808. Title and Headings. The title and headings in this Agreement are for convenience only and shall not be construed to affect the meaning or construction of any provision so this Agreement.

809. Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents, instruments and other assurances and shall do any and all other acts and things reasonably necessary to carry out the purposes of this Agreement and the intent of the parties hereto.

810. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties to this Agreement and their respective successors and assigns; provided, however, that

this provision shall not authorize the assignment or transfer of any interest except as otherwise provided for in this Agreement.

811. Restrictions on Use. The Developer shall not permit the use of the Property for any purpose other than that permitted by this Agreement without the prior written approval of City.

812. Attorneys' Fees. In addition to any other remedies provided hereunder or available pursuant to law, if either party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder or under any of the City Grant Documents, the prevailing party shall be entitled to recover from the other party its costs of suit and reasonable attorneys' fees.

813. Remedies Cumulative. No right, power, or remedy given by the terms of this Agreement or the City Grant Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise.

814. Waiver of Terms and Conditions. Any party may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

815. Non-Liability of City Officials and Employees. No member, official, employee or agent of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

816. Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the City, such approval may be given on behalf of the City by the City Manager or his or her designee. The City Manager or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement on behalf of the City, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement, revisions to the Schedule of Performance, and amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the City hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

Developer:

**CITY HOUSING-RUGBY ASSOCIATES.A
California Limited Partnership**

By: _____
Its: _____

CITY:

THE CITY OF HUNTINGTON PARK, a public
body, corporate and politic

By: _____
City Manager

ATTEST:

Secretary

Approved as to Form

City Counsel

EXHIBIT A
LEGAL DESCRIPTION

Real property in the City of Huntington Park, County of Los Angeles, State of California, described as follows:

**PARCEL 1 OF PARCEL MAP NO. 22951, IN THE CITY OF HUNTINGTON PARK,
AS SHOWN ON MAP FILED IN BOOK 271 PAGE 28 OF PARCEL MAPS, IN THE OFFICE
OF THE COUNTY RECORDER OF SAID COUNTY.**

APN: 6320-031-026

EXHIBIT B
FORM OF REGULATORY AGREEMENT

[attached]

RECORDING REQUESTED BY AND
AFTER RECORDATION, MAIL TO:

City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255
Attn: Housing and Community Development Manager

Exempt from recording fees pursuant to Gov. Code Sec. 6103

(Space Above Line for Recorder's use)

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (as amended from time to time, "Agreement") is executed as of _____, 20____ by and between the **CITY OF HUNTINGTON PARK**, a municipal corporation (including its successors and assigns, the "City"), and **CITY HOUSING-RUGBY ASSOCIATES**, a California limited partnership (including its successors and assigns, "Owner"), with reference to the following:

A. The City and Owner, are parties to a Development Agreement, dated as of April 25, 1995 (as amended, modified, supplemented, and replaced from time to time, collectively, the "Development Agreement").

B. Pursuant to the Development Agreement that certain property located at 6330 Rugby Avenue, Huntington Park, CA, described in more detail on EXHIBIT A attached hereto and made a part hereof ("Site") was improved with a 184-unit affordable, age-restricted apartment building and two-level parking structure with the residential units ("Project").

C. In furtherance of the Development Agreement City advanced \$400,000 in HOME Program (as defined below) funds to Huntington Park CHDO, Inc., a California Public Benefit Non-Profit Corporation ("HP CHDO").

D. This Agreement confirms that applicability of the affordability restrictions required under the HOME Program and HOME Regulations as defined below.

E. Unless otherwise expressly provided, all defined terms used in this Agreement shall have the defined meanings provided for in the Affordable Housing Agreement.

NOW THEREFORE, in consideration of the representations, covenants, and obligations of Owner contained in this Agreement, Owner, on behalf of itself and its successors and assigns, hereby covenants and agrees as follows:

100. DEFINITIONS.

In addition to terms which are defined elsewhere in this Agreement the following terms shall have the following meanings:

“Affordable Housing Agreement” means that certain First Amendment And Complete Restatement of the Home Agreement dated _____, between the City and Owner regarding the residential housing element of the Site.

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

“AMI” and “Area Median Income” shall mean the area median income for Los Angeles County, California, as published annually by TCAC.

“Applicable Governmental Restrictions” shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; the laws specified in the Loan Agreement; fair housing laws; prevailing wage laws (e.g., Cal. Labor Code 1720 et seq., and the federal Davis Bacon Act (46 U.S.C. 276a)), and any other applicable federal, state and local laws. Owner shall indemnify, defend and hold the City harmless for any suit, cost, attorneys’ fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of Owner’s failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid, failure to maintain wage records, failure to post prevailing wage schedules, or other acts or omissions, regardless of whether they are the responsibility of the contractor or the party awarding the contract.

“High HOME Rent Limits” means the rent limits established by HUD pursuant to 24 CFR Part 92.252

“HOME Program” means Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, specifically the HOME Investment Partnership Act, 42 U.S.C. §12701, et seq. and the implementing HOME Regulations at 24 CFR §92.1, et seq., as such law now exists and as it may hereafter be amended, to the extent applicable to the Project.

“HOME Regulations” means the implementing regulations of the HOME Program set forth at 24 CFR §92.1, et seq. as such regulations now exist and as they may hereafter be amended, to the extent applicable to the Project.

“HOME Units” means ninety-one (91) of the Housing Units (as more particularly described in Section 1002.3(b)) of the Affordable Housing Agreement, which shall at any given time be designated as HOME Units and shall be subject to all applicable HOME Regulations.

“Housing Unit” or “Housing Units” means the one hundred and eighty-four (184) individual apartment units at the Site.

“HUD” shall mean the United States Department of Housing and Urban Development.

“Rent” shall mean the total of monthly payments by the tenants of a Housing Unit for use and occupancy for the Housing Unit and facilities associated therewith, including a reasonable allowance for utilities for an adequate level of service as defined in Title 25 California Code of Regulations §6918 and 24 CFR §92.252(d) as a HUD Utility Schedule Model or utility allowance for the project based on the type of utilities used at the project.

“TCAC” means the California Tax Credit Allocation Committee, the allocating agency for Tax Credits in California.

“50% AMI Very Low Income Households” shall mean those households earning not greater than fifty percent(50%) of Los Angeles County Area Median Income, adjusted for household size, which is set forth by regulation of TCAC.

“60% AMI Low Income Households” shall mean those households earning not greater than sixty percent (60%) of Los Angeles County Area Median Income, adjusted for household size, which is set forth by regulation of TCAC.

200. TERM.

This Agreement shall expire on January 30, 2016 which is the 20th anniversary of the date the Project as described in the Development Agreement was completed in accordance with the applicable HOME Regulations (“Term”).

300. USE OF THE SITE.

301. Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenants shall run with the land and bind every successor and assign in interest of Owner, that, throughout the Term, Owner and such successors and assigns shall use the Site solely for the purposes set forth in the Development Agreement.

302. Qualification as Affordable Housing. As to the HOME Units only, Owner shall use, manage and operate the Housing Units in accordance with the requirements of 24 CFR 92.252 so as to qualify the housing on the Site as Affordable Housing.

303. Conflicts between Restrictions. Owner agrees to comply with the income, rent, and occupancy restrictions imposed by senior and junior encumbrances on the Site and by the

California Tax Credit Allocation Committee (“CTCAC”), if applicable. If there is a conflict between the requirements of the senior and junior encumbrances, CTCAC and/or this Agreement or the Affordable Housing Agreement, the most restrictive requirement will prevail.

304. Limitations on Residential Tenants. Owner, successors and assigns shall operate the residential portion of the Site with the number of total units and, with respect to the designated units to be assisted as consideration for the Loan (“Assisted Units”), the tenant income levels specified in this Agreement. The covenants described in this Agreement shall remain in effect through the Term, notwithstanding the earlier repayment of the Loan by Owner.

305. Location of Assisted Units. Assisted Units shall be dispersed throughout the Project, and shall be no less attractive or desirable on average (whether because of convenient access, views, amenities, or other reasons) than the other Project units, if any, that are not Assisted Units. Subject to the reasonable approval of the City’s City Council or City Manager (or their designee), the location of the Assisted Units within the Project may be changed from time to time by Owner.

306. Senior Project. The residential portion of the Project shall be operated exclusively as senior citizen housing, in which all Assisted Units shall be occupied only by persons who are a “senior citizen” or “qualified permanent resident” as defined by California Civil Code Section 51.3.

307. Income Requirements for Assisted Units. All Assisted Units shall be rented only at an Affordable Housing Cost as hereinafter defined (households meeting the applicable criteria are occasionally referred to as “Eligible Households” and persons within any group occasionally referred to as “Eligible Person” or “Eligible Persons”) and as follows:

307.1 Forty-five (45) HOME Units shall be “Low HOME” units;

307.2 Forty-six (46) HOME Units shall be “High HOME” units;

307.3 The HOME Units may be “floating” HOME Units, such that the specific Housing Units designated as HOME Units may change as long as the total number of one and two-bedroom Housing Units required to be designated as HOME Units are at all times complied with (subject to allowable increases in tenant income pursuant to Section 1004.3 hereof and the provisions of this Agreement).

307.4 Owner shall designate ninety-one (91) of the Housing Units as HOME Units, in accordance with this Agreement, the HOME Program, and the HOME Regulations.

308. Rent Schedule and Utility Allowance. City will review and approve or disapprove the Affordable Rents proposed by Owner for all of the Housing Units together with the monthly allowances proposed by Owner for utilities and services to be paid by the income of each tenant household living in the Housing Units annually in accordance with. The maximum monthly rent must be recalculated by Owner and reviewed and approved by City annually, and may change as changes in the applicable gross Rent amounts, the income adjustments, or the monthly allowance

for utilities and services warrant. Any increase in Rents for the Housing Units is subject to the provisions of outstanding leases. Owner must provide all tenants not less than thirty (30) days prior written notice before implementing any increase in Rents.

309. Increases in Tenant Income. A tenant who qualifies as a 50% AMI Very Low Income Household, a 60% AMI Low Income Household prior to occupancy of a Housing Unit in compliance with the Agreement shall be deemed to continue to be so qualified until such time as the annual re-verification of such tenant's income demonstrates that such tenant no longer qualifies as a 50% AMI Very Low Income Household or a 60% AMI Low Income Household, as applicable. A tenant occupying a Housing Unit whose income increases, causing that tenant household to cease to be income qualified in the same category shall, if that tenant household continues to qualify in a higher income category provided for under this Agreement, be deemed to so qualify and the Housing Unit occupied by such tenant household shall be counted towards Owner's obligation to provide a Housing Unit for households in such income category.

310. Floating Units. The Housing Units shall be "floating units" as defined in the HOME Regulations, such that the location of the Housing Units designated for each income category as well as the Housing Units designated as HOME Units may change within the Project provided that the next available Housing Unit containing the appropriate number of bedrooms shall be used to replace any Housing Units re-designated due to an increase in tenant income, such that to the extent reasonably practicable, the Project shall continuously comply with the unit mix set forth in Section 3(a)(v) of this Agreement. A tenant household whose income increases such that such tenant household ceases to be income qualified to occupy any Housing Unit at the Project, may continue to occupy his Housing Unit and be charged rent including a reasonable utility allowance, not greater than the lesser of thirty percent (30%) of the household's adjusted monthly income, recertified annually, or the market rent applicable to the Housing Unit as published by HUD.

311. Occupancy by Eligible Household. Owner shall specifically provide in each Assisted Unit lease and shall strictly enforce the requirement that each Assisted Unit be occupied at all times by the eligible household who has leased that Assisted Unit, and that any other occupant of the unit be another qualified member of the lessee's household. The City shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Owner fails to do so. Prior to execution of any Assisted Unit lease with respect to the Project, Owner shall submit to the City and obtain its written approval of a standard form occupancy lease and Owner shall thereafter use the approved form for all leases of Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the City.

400. **TENANT SELECTION PROCESS.**

401. Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the City to monitor compliance with the tenanting requirements described in the Affordable Housing Agreement.

402. Rental Application. Owner shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such tenant as may be reasonably required by the City to certify such tenant's qualification for occupancy of the Project.

403. Selection of Tenants. Owner shall be responsible for the selection of tenants for the Housing Units in compliance with the HOME Program, Federal Program Limitations (to the extent applicable), the provisions of this Agreement, and all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by City pursuant to this Agreement. Preference shall be given for occupancy of the Housing Units that are not subject to project based Section 8 assistance to (i) tenants who currently reside within the City, or who currently work in the City, or who have been displaced by activities of the City or activities of the former Redevelopment Agency of the City of Huntington Park and (ii) eligible tenants on the City's tenant waiting list who are otherwise qualified to be tenants in accordance with the approved tenant selection criteria, to the extent authorized by applicable federal, state or local laws or regulations. Owner shall adopt a tenant selection system for the HOME Units in conformance with Section 92.253(e) of the HOME Regulations, which shall be approved or disapproved by the City Manager within 5 Business Days (defined below) of receipt thereof in his reasonable discretion, which establishes a chronological waiting list system for selection of tenants. The tenant selection system shall include, without limitation, a method for investigation of the credit history of proposed tenants through obtaining a credit report on the proposed tenant. To the extent Housing Units are available, Owner shall not refuse to lease to a holder of a certificate of family participation under 24 CFR part 882 (Rental Certificate Program) or a rental voucher under 24 CFR part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a HOME Program other tenant-based assistance program solely on the basis of such certificate, voucher, or comparable document, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria. As used in this Agreement, "Business Day" means any day that Huntington Park City Hall is open for business. As of the date of this Agreement, City Hall is closed Friday through Sunday, and on all State and Federal holidays.

500. SUPPORTIVE SERVICES.

If required by the Affordable Housing Agreement, Owner shall provide, in accordance with the Supportive Services Agreement or Plan the supportive services for residents of the Project, throughout the Term of this Agreement.

600. RESTORATION OF COVENANTS.

If, prior to the expiration of the Term (as same may be extended) of this Agreement, the provisions of this Agreement are subjected to a foreclosure or deed in lieu of foreclosure or similar action by the holder of a lien on the Site that is senior in priority to the obligations under this Agreement, then the provisions of this Agreement and any amendments hereto, shall revive and be in full force and effect if the Owner or any affiliate of Owner shall obtain a direct or indirect ownership interest in all or any part of the Site. An "affiliate" shall mean with respect to the Owner or any successor thereto, any other person, trust, company, association or entity (a

“Person”) which directly or indirectly controls, is controlled by, or is under common control with the Person in question. For the purposes of the foregoing definition, “controls” (and the correlative terms “controlled by” and “under common control with”) means possession by the applicable Person of the power to direct or cause the direction of the management and policies thereof, whether through ownership interests, by contract, by court order, by operation of law, by statute or otherwise, including, without limitation, the power to elect or appoint the executive officers, managers or general partners of an entity or the trustees of a trust. “Affiliate” shall also include, without limitation, relatives of any natural person. Owner hereby authorizes City and its representatives to re-record a copy of this Agreement or record a memorandum of this Agreement confirming the revival of the provisions of this Agreement in the applicable real estate records for the Site, in the event the provisions of this Agreement are revived.

700. MANAGEMENT OF PROJECT.

701. Management Plan. Owner shall at all times during the Term of this Agreement manage the Project in accordance with the Affordable Housing Agreement and the approved Management Plan. Owner shall prepare and submit to the City Manager for review and approval an updated and supplemented management plan which includes a detailed plan and strategy for long term operation, maintenance, repair, security, social/supportive services for, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and other rental and operational policies for the Project (“Management Plan”). City Manager approval of the Management Plan shall not be unreasonably withheld or delayed. Subsequent to approval of the Management Plan by the City Manager the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. Owner and its property manager may from time to time submit to the City Manager proposed amendments to the Management Plan, which are also subject to the prior written approval of the City Manager.

702. Quality Standards. Owner shall use the Site solely for the purpose of operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the Development Agreement, and the Affordable Housing Agreement.

703. No Nuisance. Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Owner, that, Owner and its successors and assigns shall not maintain, commit, or permit the maintenance or existence on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

800. INCOME CERTIFICATION REQUIREMENTS.

801. Initial Certification. Prior to each initial and subsequent rental of each Housing Unit to a new tenant household (but not lease renewals) and annually thereafter, Owner shall provide to the City Manager completed income tenant income certifications. In order to comply with this Section, Owner shall submit to City any and all tenant income and occupancy certifications and supporting documentation. City may request (and Owner shall provide)

additional documentation to assist City's evaluation of Owner's compliance with this Agreement, if determined to be necessary in the reasonable discretion of the City Manager, specifically including (without limitation) any documentation or additional certifications that may be necessary to verify compliance with the HOME Regulations and Federal Program Limitations, as applicable. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 24 CFR 92.203. "Annual income" is defined at 24 CFR 5.609. City approval is a condition precedent to tenants entering into leases or occupying Housing Units. City shall have seven (7) Business Days to review the submittal and request additional information, if any. If the City does not furnish Owner with notice of approval or disapproval, or request additional information, within such seven (7) Business Day period, and Owner has delivered to City all additional documentation and certifications requested by City (if any), then City shall be deemed to have approved such tenant income certifications(s). The "deemed approved" provision in the preceding sentence shall be effective only if Owner includes in the transmittal of the documentation and certifications to City, in bold 18 point text, the following statement: "RESPONSE REQUIRED; REQUEST WILL BE DEEMED APPROVED IF THE CITY DOES NOT RESPOND WITHIN SEVEN (7) BUSINESS DAYS".

802. Verification of Income of New and Continuing Tenants. Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with 24 CFR 92.203. "Annual income" is defined at 24 CFR 5.609. Following the completion of the Rehabilitation and occupancy of the Housing Units, and annually thereafter (on or before March 31 of each year), Owner shall submit to City, at Owner's expense, a written summary of the income, household size and rent payable by each of the tenants of the Housing Units. Owner shall obtain, or shall cause to be obtained by the Property Manager, at the times and in the forms required by TCAC, an annual certification from each household leasing a Housing Unit demonstrating that such household is a 30% AMI Very Low Income Household or 50% AMI Very Low Income Household, as applicable, and meets the eligibility requirements established for the Housing Unit. Owner shall verify, or shall cause to be verified by the Property Manager, at the times and with such forms as are required by TCAC, the income certification of each tenant household. In order to comply with this Section, Owner shall submit to City any and all tenant income and occupancy certifications and supporting documentation that may be necessary to verify compliance with the HOME Regulations and Federal Program Limitations, as applicable. This requirement is in addition to and does not replace or supersede Owner's obligation to annually submit the Certificate of Continuing Program Compliance to City.

900. LEASES; RENTAL AGREEMENTS FOR HOUSING UNITS.

901. Standard Lease Form. Owner shall submit a standard lease form, which shall comply with HOME Regulations (including 24 CFR 92.253), and all requirements of this Agreement, to City for approval. City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the HOME Program and the HOME Regulations. Owner shall enter into a written lease, in the form approved by City, with each tenant/tenant household of the Project. No lease shall contain any of the provisions that are prohibited and shall be for a period of not less than 12 months, unless by mutual agreement between the tenant and the Owner a shorter period is specified pursuant to Section 92.253 of the HOME Regulations. Approval of the lease form by

City does not relieve Owner of the obligation to comply with applicable regulations regarding the lease and its content and if City discovers that the lease form does not comply with applicable regulations or this Agreement, City may require Owner to revise the lease form and implement a plan to amend leases that are not in compliance with applicable regulations or this Agreement.

902. Tenant Protections. As to the HOME Units only, Owner shall comply with the requirements of 24 CFR 92.253. The leases shall not contain any of the following terms or provisions:

1. *Agreement to be sued*. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;
2. *Treatment of property*. Agreement by the tenant that the Owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The Owner may dispose of this personal property in accordance with State law;
3. *Excusing Owner from responsibility*. Agreement by the tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
4. *Waiver of notice*. Agreement of the tenant that the Owner may institute a lawsuit without notice to the tenant;
5. *Waiver of legal proceedings*. Agreement by the tenant that the Owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
6. *Waiver of a jury trial*. Agreement by the tenant to waive any right to a trial by jury;
7. *Waiver of right to appeal court decision*. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and
8. *Tenant chargeable with cost of legal actions regardless of outcome*. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

903. Termination of Tenancy. Owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the Owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

1000. HANDICAPPED ACCESSIBILITY.

Owner shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulations at 24 CFR 8C governing accessibility of projects assisted under the HOME Program; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR Parts 35 and 36 in order to provide handicapped accessibility to the extent readily achievable.

1100. USE OF DEBARRED, SUSPENDED, OR INELIGIBLE PARTICIPANTS.

Owner shall comply with the provisions of 24 CFR Part 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status.

1200. MAINTENANCE OF DRUG-FREE WORKPLACE.

Owner shall certify that Owner will provide a drug-free workplace in accordance with 24 CFR Part 24.

1300. LEAD-BASED PAINT.

1301. Lead-Based Paint Poisoning Prevention Act. Owner shall comply with the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.*, specifically §§4821- 4846, and the implementing regulations thereto, including those that are set forth in 24 CFR Part 35 (LBP Regs) were adopted by HUD on September 15, 1999.

1302. Work Practices. All work now or hereafter performed with regard to the Project shall be undertaken and completed by qualified contractor(s) selected by Owner and, if applicable, meeting the requirements of the LBP Regs. All work relating to LBP and LBP hazards and the reduction and clearance thereof shall be undertaken using safe work practices and shall be conducted by qualified contractor(s) and inspectors(s) meeting the requirements of the LBP Regs. Under the LBP Regs treatment and clearance shall be conducted by separate contractors. All treatment and clearance using safe work practices of LBP and LBP hazards at the Site shall be completed first and prior to any other part of the Rehabilitation work.

1400. COMPLIANCE WITH OTHER HOME REQUIREMENTS.

1401. Affirmative Marketing. Owner must adopt and implement affirmative marketing procedures and requirements at the Site in accordance with Section 92.351 of the HOME Regulations.

1402. Equal Opportunity and Fair Housing. Owner shall carry out the work for the Project and perform its obligations under the Affordable Housing Agreement and this Agreement in compliance with all of the federal laws and regulations regarding equal opportunity and fair housing described in 24 CFR 92.350.

1403. Housing Quality Standards. Owner shall cause the Site to meet the Federal Housing Quality Standards set forth in 24 CFR 982.401, the Huntington Park Municipal Code, and all applicable codes and ordinances, including zoning ordinances. Owner shall also cause the Site to meet the cost-effective energy conservation and effectiveness standards in 24 CFR 39.

1404. Eligible Costs. Owner shall only use HOME Program funds to pay costs defined as "eligible costs" pursuant to 24 CFR 92.206.

1405. Records and Reports. Owner shall maintain and from time to time submit to City such records, reports and information as City Manager (or his duly authorized representative) may reasonably require in order to permit City to meet the recordkeeping and reporting requirements required of them pursuant to 24 CFR 92.508.

1406. Conflict of Interest. Owner shall comply with and be bound by the conflict of interest provisions set forth at 24 CFR 570.611.

1407. Other HOME Program Requirements. Owner shall comply with all other applicable requirements of the HOME Program.

1500. FAILURE OF OWNER TO PERFORM OBLIGATIONS.

1501. Deficiency Notice. In the event Owner fails to perform its obligations under this Agreement with regard to the care and maintenance of the project then, in addition to any other rights available to City under applicable laws, City may give Owner (i) written notice to Owner stating that Owner has breached its care and maintenance obligations and specifying the deficiencies and the actions required to be taken by Owner to cure the deficiencies ("Deficiency Notice"); and (ii) the lapse of the applicable "Cure Period," as hereinafter defined. Upon receipt of the Deficiency Notice, Owner shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency is not capable of being cured within such thirty (30) day period, then such amount of time as is needed to cure such deficiency provided Owner is diligently pursuing cure; provided however, if the Deficiency Notice states the problem is urgent relating to public health and safety, then Owner shall have forty-eight (48) hours to rectify the problem (collectively the "Cure Periods").

1502. City Actions. In the event Owner fails to correct, remedy, or cure such deficiency after the Deficiency Notice and after the applicable Cure Period has lapsed, then the City shall have the right to maintain such improvements. Owner agrees to pay the City, upon demand, charges and costs incurred by the City in connection with such maintenance. Until so paid, the City shall have a lien on the Site for the amount of such maintenance charges and costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement

shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any lease or sublease of the interest of Owner in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time (either before or after) the date of recordation of such a Notice. Any lien in favor of the City created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, or record, to such lien. No lien in favor of the City created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed herein by the City that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the City and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the City to reimburse the City for the cost of undertaking such maintenance obligations of Owner and its successors and the lien for such charges shall be apportioned among the owners of the various portions of the Site under different ownerships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned by the owner who is liable for the apportioned lien and against no other portion of the Site. Owner acknowledges and agrees the City may also pursue any and all other remedies available in law or equity. Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

1600. OWNER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

1601. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Owner shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

- a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."
- b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."
- c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, national origin, sex, religion, marital or familial status, handicap (disability), sexual orientation, ancestry or source of income in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

1700. COVENANTS RUN WITH THE LAND; DURATION OF COVENANTS.

The covenants and agreements established in this Agreement, as amended from time to time, shall be covenants running with the land and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Site, or any part thereof, for the benefit of and in favor of the City and its successors and assigns. The covenants of this Agreement shall remain in effect through the Term. The covenants contained in Section (8) of this Agreement shall remain in effect in perpetuity.

1800. ENFORCEMENT.

In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the City and its successors and assigns, shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the City for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation, by operation of law, or otherwise. Each covenant in favor of the City is for the benefit of the real property owned by the City in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. The City shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. Except for the City, the covenants and restrictions contained in this Agreement shall not benefit or be enforceable by any owner of any other real property or any person or entity having any interest in any such other real property.

1900. COMPLIANCE WITH LAW.

Owner shall comply with all Applicable Governmental Restrictions relating to the uses of or condition of the Site private improvements and public improvements to the curbline(s) of the Site. Local laws for the purposes of this paragraph shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Owner shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

2000. INDEMNIFICATION AND INSURANCE.

2001. Public Agencies. The City, its departments, and its elected and appointed officers, officials, representatives, employees, and agents are hereinafter collectively referred to as "Public Agencies".

2002. Indemnification. Owner agrees to indemnify, defend (with counsel approved by the City), and hold harmless the Public Agencies from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorneys' fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Liabilities"), that arise (by negligence, intentional act, statute or otherwise) out of pertain to, or relate to the Project, Site or this Agreement and/or the transactions contemplated by this Agreement including but not limited to, the occupancy, use, ownership or development of the Site; or any services and/or materials provided pursuant to this Agreement. Owner shall not be required to indemnify, defend, and hold harmless the Public Agencies from any Liabilities that arise from the sole gross negligence or willful misconduct of the Public Agencies, Public Agencies' agents, servants, or independent contractors who are directly responsible to the Public Agencies. Such indemnification language shall also be incorporated in Owner's contracts with entities that Owner has contracted with for purposes of this agreement in favor of the Public Agencies, however Public Agencies may waive this requirement in the event that such contracts were entered into prior to the execution of this Agreement.

2003. Insurance. Without limiting Owner's indemnifications of the Public Agencies provided in this Agreement, Owner and/or the entities with which Owner contracts, shall procure and maintain at their own expense the insurance described in the Affordable Housing Agreement for the duration of this Agreement.

2100. WAIVER.

The waiver by City of the performance of any covenant, condition, or promise by Owner shall not invalidate this Agreement nor shall it be considered a waiver by City of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies the City may have at law or at equity.

2200. MISCELLANEOUS PROVISIONS.

2201. Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose. Time is of the essence of this Agreement. Any defined term used in the plural in this Agreement shall refer to both the singular and the plural form thereof. Any provision herein or defined term used that refers to the masculine shall also refer to the feminine, and any provision herein or defined term used that refers to the feminine shall also refer to the masculine. Any reference in this Agreement to any other document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections, Exhibits, Paragraphs and Attachments shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same section in which the reference appears except as otherwise noted. The term "document" is used in its broadest sense and encompasses agreements,

certificates, opinions, consents, instruments and other written material of every kind. The terms "including" and "include" mean "including (include) without limitation".

2202. Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Owner and the City or their respective successors and assigns.

2203. Severability. Invalidation of any of the covenants, conditions, restrictions, or other provisions contained in this Agreement by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, which shall remain in full force and effect.

2204. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California and applicable Federal program limitations. Owner irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Los Angeles or the United States District Court of the Central District of California, as City may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this Agreement. Owner also waives any objection regarding personal or in rem jurisdiction or venue.

2205. Time of the Essence. Time is of the essence in the performance by Owner of its obligations under this Agreement.

2206. Warranty Against Payment of Consideration. Owner warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Agreement.

2207. No Personal Liability of City, City Officials and Employees. No member, official, director, officer, board official, representative or employee of the City shall be personally liable to any other party, or any successor in interest of any other party, in the event of any default or breach by the party or for any amount which may become due to the other party(ies) or successor, or on any obligation under the terms of this Agreement.

2208. Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of City to Owner, or any other claim by Owner against City, in connection with or arising from the Project, Site, any agreements related thereto or otherwise, Owner hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Owner's obligations under this Agreement, or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Owner of any of its obligations under this Agreement.

2209. Headings. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections or paragraphs.

2210. Notices. Formal notices, demands, and communications between the City and Owner shall be given either by personal service, by overnight courier, or by mailing in the

United States mail, certified mail, postage prepaid, return receipt requested, addressed to the principal offices of the City or Owner, as follows:

If to the City:	City of Huntington Park 6550 Miles Ave Huntington Park, California 90255 Attn: City Manager
With a copy to:	
If to Owner:	City Housing-Rugby Associates c/o USA Properties Fund 2440 Professional Drive Roseville, California 95661 Attention: Geoffrey C. Brown
With a copy to:	

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

2211. Exhibits. Each Exhibit mentioned in this Agreement is attached hereto and incorporated herein by this reference.

2212. Execution in Counterparts. The parties may execute this document in two or more counterparts; each counterpart shall be deemed an original instrument as against any party who has executed it.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City and Owner have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of date first written above.

CITY:

CITY OF HUNTINGTON PARK
a municipal corporation

By: _____

APPROVED AS TO FORM:

By: _____
Deputy Special Counsel to City

OWNER:

CITY HOUSING-RUGBY ASSOCIATES
a California limited partnership

By: _____
[Name]
[Title]

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 20____, before me _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, 20____, before me _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA)
COUNTY OF _____)
) SS.

On _____, 20____, before me _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____

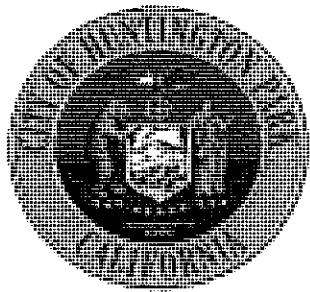
EXHIBIT A TO REGULATORY AGREEMENT

LEGAL DESCRIPTION OF SITE

Real property in the City of Huntington Park, County of Los Angeles, State of California, described as follows:

PARCEL 1 OF PARCEL MAP NO. 22951, IN THE CITY OF HUNTINGTON PARK, AS SHOWN ON MAP FILED IN BOOK 271 PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 6320-031-026



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

APPOINTMENT OF RICARDO CERVANTES OF LA MONARCA BAKERY TO THE BUSINESS IMPROVEMENT DISTRICT ADVISORY BOARD

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Appoint Ricardo Cervantes of La Monarca Bakery to the Business Improvement District Advisory Board for a 3-year term.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Currently there are two vacant positions on the Business Improvement District (BID) Advisory Board. At the March 19, 2013 BID Advisory Board Meeting, Board Members approved a Subsequent Need item to recommend the appointment of Ricardo Cervantes, owner of La Monarca Bakery located at 6365 Pacific Boulevard, to the BID Advisory Board.

Mr. Cervantes has been in the bakery industry for over seven years and has four locations throughout Southern California. Mr. Cervantes has actively participated in past BID meetings and more recently in discussions as an Ad Hoc Committee member concerning the future direction of the BID.

FISCAL IMPACT/FINANCING

This action has no financial impact to the City's General Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The BID bylaws provide that the BID Advisory Board recommends appointments to the City Council.

Appointment of Ricardo Cervantes to the BID Advisory Board

April 15, 2013

Page 2 of 2

CONCLUSION

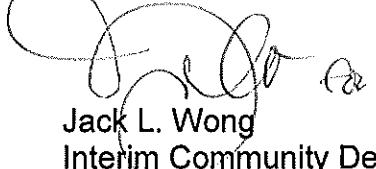
Staff will meet with Mr. Cervantes to apprise him of the BID bylaws, purpose and organizational structure following his appointment to the BID Advisory Board.

Respectfully submitted,



RENÉ BOBADILLA

City Manager, P.E.


Jack L. Wong

Interim Community Development Director

Attachment - BID Advisory Board Member Application: Ricardo Cervantes

Downtown Huntington Park Business Improvement District Advisory Board Member Application



Please fill out the information below and attach a letter of interest addressed to the BID Advisory Board for formal consideration.

Applicant's Name: Ricardo Cervantes

Business Name: La Monarca Bakery

Business License Number: 13-00012045

Business Type: Food Retail

Business Address: 6365 Pacific Blvd, Hl, CA 90255

Mailing Address: Same

Contact Telephone: 650.814.2031

Business Telephone: 323.585.5500

Business Fax: 323.585.5582

Email Address: rcervantes@lamonarcabakery.com

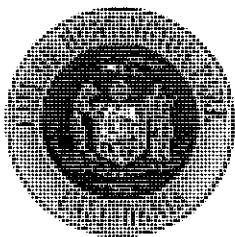
Number of Years in Business: 7

"Committed to building a Stronger Downtown Business Community"

2607 Clerendon Avenue • Huntington Park, CA 90255

Phone: (323) 826-9831 • Fax: (323) 584-6244

www.huntingtonparkbid.org



CITY OF HUNTINGTON PARK

Application for Service on City Commission or Committee

Appointment Reappointment

(Please check the commission on which you wish to serve)

Parks, Arts, Recreation & Culture (PARC) Commission	
Historic Preservation Commission	Planning Commission
Civil Service Commission	Health & Education Commission

Name Ricardo Cervantes Telephone: Day (650) 814-2031

E-mail address vcervantez@amoharabakery.com Evening Same

Residence address 6365 Pacific Blvd. (business address)

Resident of HP for years

Do you work in HP? Yes If yes, how long? 7(+) yrs.

Describe any qualifications, experience and education, as well as any technical or professional background you may have relative to the duties of this position.

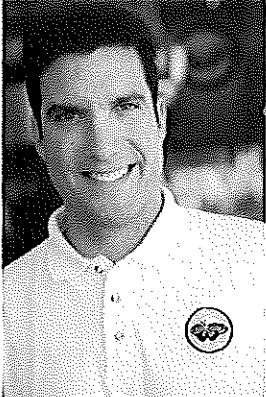
Attached

Other volunteer activities or organizations you are involved with.

Attached

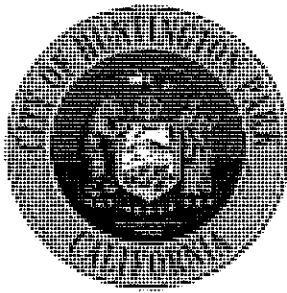
Briefly state reasons why you are interested in serving on a commission or committee.

Improving the HP business community with applicable
solutions based on my years in business in HP and
elsewhere.



Ricardo Cervantes
Co-Founder, CEO
Monarca, Inc. / La Monarca Bakery
www.lamonarcabakery.com

As Co-Founder/CEO of La Monarca Bakery®, a premium retail bakery chain in Southern California featuring cakes, pastries, and breads with The Sweet Flavor of Mexico™, Mr. Cervantes has been in the bakery business for the past seven years and oversees all retail and production operations at La Monarca Bakery. Mr. Cervantes holds an MBA from the Stanford Graduate School of Business and a BA in Accounting from Mexico's leading private university, The Instituto Tecnológico y de Estudios Superiores de Monterrey. Mr. Cervantes is on the Northwest Regional Board of Advisors of Nacional Financiera S.N.C. (NAFINSA) – Mexico's Government small business development banking institution – and on the Northwest Regional Board of Advisors of BANCOMEXT – Mexico's Government bank to finance foreign trade. He is also on the California Board of Advisors of PROMEXICO – Mexico's agency in charge of promoting foreign trade and attracting foreign investment – and a member of the Board of Trustees of the ECOLIFE Foundation, an environmental nonprofit organization with programs to protect and preserve the Monarch Butterfly Sanctuary in Michoacan, Mexico. Mr. Cervantes is also the President of The Taste of Mexico Association in Los Angeles.



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

DISCUSSION OF CURRENT SELECTION PROCESS TO APPOINT CANDIDATES INTERESTED IN SERVING ON THE PLANNING COMMISSION.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Discuss and/or take action regarding the selection process to appoint candidates interested in serving on the Planning Commission.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Planning Commission currently has a vacancy for Planning Commissioner. Mr. Eddie Benitez' current four-year term to the Planning Commission expired on January 16, 2013 and he has submitted his application for reappointment.

FISCAL IMPACT/FINANCING

The Planning Commission meets monthly and each Planning Commissioner receives a \$75.00 stipend for each meeting or \$900.00 annually. Planning Commission expenses are budgeted for fiscal year 2012-2013, under Account Number 111-0120-413.19-05.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The City Clerk's Office annually posts all anticipated commission vacancies for the upcoming year. The notice is posted in the public display box near the City Hall front door.

In 2006, City Council adopted the Commission Handbook outlining the basic protocols that apply to all City commissions (see attached). Per the Commission Handbook, individuals interested in serving on the Planning Commission complete an application form and submit it to the City Clerk's Office. The application form is available at the City

Planning Commissioner Appointment Process

April 15, 2013

Page 2 of 2

Clerk's Office and completed applications are maintained for one year. In the event a vacancy occurs as a result of a resignation, disqualification, disability, or failure of a Planning Commissioner to attend meetings, City staff informs the City Clerk's Office of the commission vacancy. The corresponding department staff then contacts individuals who have submitted an application for that specific commission. The City Clerk also posts the vacancy on the City's reader board.

Planning Commission staff then contacts the prospective commissioner(s) to inform them of a scheduled date and time they are to be interviewed by the current Planning Commissioners. After conducting the interviews, the Planning Commission makes a recommendation of the top candidate for recommendation to City Council.

Per City Council Resolution 2006-54, Planning Commissioners are subject to a limit of three consecutive terms. The Planning Commission consists of five members appointed by the City Council and each is appointed to a staggered four year term. The Planning Commission meets once a month at 6:30 P.M. on every third Wednesday of the month.

The Planning Commission has the authority to approve land use entitlements such as Conditional Use Permits, Development Permits, Variances, and Tentative Parcel Maps for commercial, residential and industrial developments. The Planning Commission also makes recommendations to the City Council for final determination on Development Agreements, General Plan Amendments, Specific Plans, Zoning Map Amendments, Zoning Code Amendments, and other zoning related ordinances and regulations.

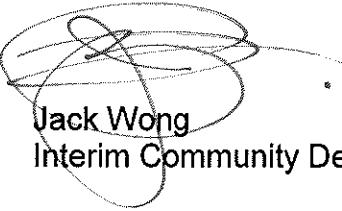
CONCLUSION

City staff will follow the current process for installing new Planning Commissioners or develop new procedures pending tonight's City Council discussions.

Respectfully submitted,



RENÉ BOBADILLA
City Manager, P.E.

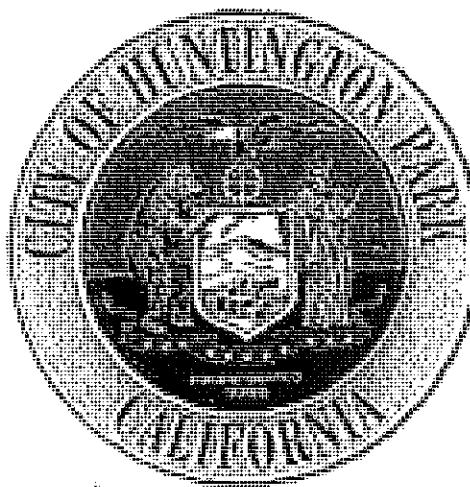


Jack Wong
Interim Community Development Director

Attachment:
Commission Handbook

CITY OF HUNTINGTON PARK

Commission Handbook



Prepared by the City Clerk
October 2006

Welcome

Welcome and thank you for your willingness to serve as a member of a City of Huntington Park Commission. Advisory bodies play an important role in city government by assisting the City Council in addressing specific issues.

The City of Huntington Park has established a number of commissions to provide an opportunity for residents to participate in the decision-making process and each with distinct responsibilities. As a new commissioner, you should familiarize yourself with the documents governing your particular commission including City ordinances, City Council resolutions, and other documents, all available from your staff liaison. Reviewing these documents will help you get a sense of your responsibilities.

This handbook is designed to serve as a reference for the basic protocols that apply generally to all City commissions. As a new member you may want to meet with the department head responsible for your commission or the Chair for your commission to get a better sense of your role and the business of the body. Along with familiarizing yourself with your commission's foundational documents, you may want to review agendas and minutes from recent meetings to see what current issues have been under consideration. All commission agendas and minutes are available on the City's website at www.huntingtonpark.org

We hope this handbook will assist you towards a satisfying and productive experience as a commissioner for the City of Huntington Park. Your participation and commitment is deeply appreciated by the City Council, by City staff, and by your community.

General City Information

The City of Huntington Park was incorporated September 1, 1906 as a general law city. Consequently, the municipal government is organized and operated in accordance with State laws rather than a local charter.

This specific form of government is referred to as a Council/Manager. It provides for members of the City Council, who are elected at large in Huntington Park, to hire a City Manager to manage the administrative functions of government, be responsible for effective and economical municipal operation, and ensure that Council policies are implemented.

The City Council is responsible for setting policies and providing overall direction for the City operation. As elected representatives, Council members provide a direct link with residents and in order to gain a greater awareness of the view of the residents, the Council also appoints advisory groups composed of local residents familiar with the community and its needs. These groups further expand the opportunity for resident participation in City government.

Application Process

Any citizen interested in serving on a commission is invited to complete an application form and submit it to the City Clerk's office. Applications remain on file for one year. A listing of all current appointments is posted at City Hall. Applications may be downloaded from the City's website, picked up at City Hall in the Office of the City Clerk, or you may request that an application be mailed to you by contacting the Office of the City Clerk at (323) 584-6230.

How Appointments Are Made

Commissioners are appointed by a majority vote of the City Council following a recommendation by the current commission members.

Applicants will receive notification by the commission's corresponding staff liaison informing them of the scheduled day and time that they are to be interviewed by the current commission members. Following the interview of eligible applicants, the current commission members will make a recommendation to the City Council through the staff liaison.

Oath of Office

Upon appointment to a City of Huntington Park commission, members or advisory bodies shall take an Oath of Office administered by the City Clerk prior to assuming office and participating in commission meetings. By taking this oath, you swear or affirm to support, defend, and bear allegiance to the Constitution of the United States and the Constitution of the State of California.

Officers

A Chair and a Vice Chair are selected by the members of the individual advisory bodies in March each year for a one-year term. In the case of advisory bodies that meet on an "as-needed" basis, the Chair and Vice Chair shall be elected at the first meeting scheduled in March each year. A Chair may not serve more than two consecutive terms.

Responsibilities

The primary role of an advisory body is to provide judicious advice to the City Council, the elected policy-making body of the City. The advisory body's role can include hearing public testimony on the Council's behalf, building community consensus for proposals, facilitating study of issues, assessing the alternatives regarding issues of community concern and ultimately forwarding recommendations to the Council for its consideration. There may be times when the advisory body's recommendations will not be sustained or will be modified by the City Council. It is important for the advisory body members to recognize that this is not a rejection of the integrity of the recommendation, but an inevitable part of the process of community decision-making.

Attendance

For advisory bodies to function effectively and accomplish their goals, all members must be active participants. This means all members must be present at all meetings. Commissioners should inform the staff liaison prior to the meeting if they will be unable to attend.

If any member of a commission or committee is absent from three (3) regular meetings in any one calendar year, the staff liaison shall immediately inform the City Council. Upon notification to the City Council, the office will be deemed vacant and the term of such member terminated. Excused absences may be granted by the chair. An excused absence will not count towards the allowable three (3) absences in any one calendar year.

Resignations

Members wishing to resign from their commission position prior to the expiration of their term should submit to the City a brief letter stating their intention and the effective date of the resignation. The letter should be addressed to the Mayor and Council Members in care of the City Clerk.

Disqualification

When a member no longer meets the qualifications for their respective commission, the member is to notify the staff liaison immediately and submit a letter of resignation within 10 days.

Vacancies

When a vacancy occurs by reason of the resignation, disqualification, death, disability, or failure of a member to attend meetings, the staff liaison shall inform the City Clerk and a vacancy notice is posted in accordance with requirements of the Government Code. Applications of persons interested in serving on a particular body are accepted. The applications are forwarded to the current commission members for review. Following the interview of eligible applicants, the current commission members will make a recommendation to the City Council through the staff liaison. City Council shall make an appointment during a regular City Council meeting to fill the unexpired term.

Term Limits

No member shall serve more than three (3) consecutive term limits on a commission.

Scope of Authority

Any and all communication or questions should be addressed to each advisory body's respective staff liaison. If a question arises and the members require clarification as to duties, authority, or legal issues, all such items must be presented to the staff liaison. The staff liaison will seek clarification from the appropriate parties (i.e. department head, City Attorney or City Council) and report back to the advisory body.

Advisory bodies are not involved in administration or operation of City departments. Advisory body members may not direct City staff to initiate programs and may not conduct major studies or establish policy without the approval of the City Council. Any and all communication or questions

Advisory body members may not use their official title or City equipment or resources for non-City business. Examples of such prohibited conduct include, but are not limited to, use of City vehicles, facilities and City stationery.

Advisory bodies shall not receive, disburse, or in any way possess money or any other valuable commodity as an agent of the City without the prior authorization of the City Council

Advisory bodies shall not knowingly work to the advantage of any citizen or group, or show preference to any other citizen or group.

All advisory bodies who anticipate the need during the upcoming fiscal year for financial expenditures shall submit through their staff liaison an annual proposed budget to the corresponding Department Head and City Manager. The budget request will be incorporated into the City's annual budget for Council review and approval. All requests for budgeted expenditures shall be processed according to City purchasing procedures.

Advisory bodies shall be subject to the same travel and business expense policy established by the City Council. (Policy available through staff liaison.)

All action and business of the advisory body shall be conducted by the advisory body as a whole, and no member shall transact business on an individual basis unless authorized by the majority vote of the quorum.

It is the responsibility of advisory body to be represented at the meetings of the City Council or at meetings of other committees or commissions when matters of joint concern are to be discussed.

It will be the responsibility of advisory bodies to inform other bodies of the City via the staff liaison when it will consider matters of concern to such other advisory bodies.

Conflicts of Interest

All members of City advisory bodies should avoid the appearance of bias in pending City matters at all times. The Government Code states that "members of the legislature, state, county, district, judicial district, and city officers or employees, which includes city advisory board members, shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members.

The Political Reform Act of 1974 defines various conflicts of interest and is quite lengthy; but basically, a conflict of interest exists when a person influences a decision that will materially affect the value of a personal financial interest, or a financial interest of his/her immediate family, as distinguished from the action's effect on the public in general.

If a Commission or Committee member has a conflict of interest, he/she must not make or participate in making, or in any way attempt to use his/her official position to influence a governmental decision relating to the matter in which he/she or a member of his/her immediate family, possess a financial interest. The safest way to address a conflict of interest is for the Commission or Committee member to state that there is a conflict immediately after the Chair announces the item for consideration. The member must then refrain from participating in the deliberations and abstain from voting.

Penalties for violating the conflict of interest laws are serious and may include fines and/or a prohibition against serving in public office. Questions regarding a potential conflict of interest may be directed to your staff liaison or the City Clerk, who will consult with the City Attorney if necessary. You may also view more information about conflicts of interest by visiting the State of California Fair Political Practices Commission website at www.fppc.ca.gov

Additionally, all members of a City advisory body are required to complete a Statement of Economic Interest (Form 700) upon assuming office and an annual statement for filing with the City Clerk. All forms are distributed by the City Clerk who is the City's FPPC filing officer. Upon completion all Form 700s are filed with the City Clerk and kept available for public inspection.

The City of Huntington Park has adopted a Conflict of Interest Code which identifies the officers, employees and consultants who are required to file a Form 700 based upon their involvement or participation in the making of decisions which may foreseeably have a material effect or a financial interest.

Meetings

The City of Huntington Park advisory bodies are subject to State law governing open meetings. The California law governing open meetings is found in the California Government Code, Sections 54950-54962 and is popularly referred to as the "Brown Act." The intent section reads, "In enacting this chapter, the Legislature finds and declares that the public commissions, boards, and councils and the other public agencies in this State exist to aid in the conduct of the people's business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly."

The time and place for regular meetings of a legislative body shall be established by ordinance or resolution. The Brown Act also generally requires all regular and special meetings of a legislative body be held within the boundaries of the city. All commission meetings will be held in the Council Chambers, or other assigned areas, on assigned days and times unless otherwise noticed.

Quorum

At any meeting of an advisory body, a majority of those members currently appointed shall constitute a quorum for purposes of conducting business, and unless otherwise posted, a majority vote of those present and voting shall be sufficient to adopt motions.

Agendas

State law requires that an agenda for each advisory meeting be posted at least 72 hours prior to the meeting. The agenda shall state the time and place of the meeting and a brief description of matters to be heard. The agenda shall also provide an opportunity for members of the public to be heard at the meeting regarding matters within the jurisdiction of the advisory body. The staff liaison assigned to each advisory body is responsible for preparation and posting of the meeting agenda. A copy of the agenda is mailed and/or e-mailed (upon request) to each member of the advisory body as well as to the members of the Huntington Park City Council, City Manager and the City Clerk. The staff liaison is also responsible for noticing the advisory members, City Council, City Manager and the City Clerk of meeting cancellations, adjournments, and/or change of locations.

Public Comment

The public shall be allowed to speak at all meetings on any item of interest so long as the item is within the subject matter jurisdiction of the legislative body. The law also provides that the public must be allowed to speak *before* the consideration of any specific item on the agenda.

Meeting Types

City advisory bodies may hold two types of meetings: regular and special meetings.

Regular Meetings are held at the time and place specified in the resolution establishing procedures for each corresponding advisory body. Regular meetings may be "adjourned to" another date and time and are considered "regular adjourned meetings." A copy of the order or notice of adjournment shall be posted on the door where the regular meeting was held within 24 hours of the adjournment.

Special Meetings may be held at a different time or place to discuss specific issues as noted on the meeting agenda, as long as the meeting has been properly noticed at least 24 hours prior to the meeting. No other business may be discussed at the special meeting.

E-Mail Communications between Advisory Body Members

Since e-mail communication can ultimately lead to the exchange of information intended to, or which may, create collective concurrence among a quorum of advisory body members, e-mail communications between advisory body members relative to advisory body business, should be avoided. While two members of a five-member body, for example, may appropriately communicate with one another by way of e-mail, the "forwarding" of such an e-mail message on to a third or subsequent member would result in a Brown Act violation.

Role and Responsibilities of the Chair

The Chair shall preserve order and decorum at all meetings of the advisory body, announce the advisory body's decisions, and decide questions of order. The Chair is responsible for ensuring the effectiveness of the group process by moving the discussion forward, involving all members of the advisory body, and allowing adequate public participation. In the absence of the Chair the Vice Chair shall act as the presiding officer.

Making Motions

Advisory body meetings are usually conducted according to parliamentary procedure. Unless otherwise specified by State law or City regulations, conduct of all meetings shall generally follow Robert's Rules of Order.

When a member wishes to propose an action on a particular item on the posted agenda for the advisory body to consider, the member makes a motion. Below is an example of the steps involved with a motion.

1. The member asks to be recognized by the Chair.
2. After being recognized, the member makes the motion: "*I move that ...*"
3. Another member seconds the motion: "*I second the motion.*"
4. The Chair restates the motion and asks for discussion on the motion.

Making Motions (Continued)

5. When the Chair determines that there has been enough discussion, the debate may be closed with, *"Is there any further discussion?"*
6. If no one asks for permission to speak, the Chair then puts the question to a vote: *"All those in favor say aye."* *"All those opposed say nay."* Any member may request a roll call vote on a motion.
7. After the vote, the Chair announces the decision.

Decorum and Order

Properly phrasing a motion can be difficult and corrections may be necessary before it is acted upon. The member making the motion may rephrase it or withdraw it.

Every commissioner desiring to speak shall address the chair and, upon recognition by the presiding officer, shall confine himself or herself to the question under debate.

Every commissioner desiring to question the administrative staff shall address the question to the department head who shall be entitled either to answer the inquiry directly or to designate some member of staff for that purpose.

A commissioner, once recognized, shall not be interrupted while speaking unless called to order by the presiding officer, unless a Point of Order is raised by another commissioner or unless the speaker chooses to yield to questions from another commissioner.

If a commissioner is called to order while speaking, he or she shall cease speaking immediately until the question or order is determined. If ruled to be in order, he or she shall be permitted to proceed. If ruled to be not in order, he or she shall remain silent or shall alter his or her remarks so as to comply with rules of the commission.

Advisory body members shall accord the utmost courtesy to each other, to City employees, and to the public appearing before the advisory body and shall refrain at all times from rude and derogatory remarks, reflections as to integrity, abusive comments and statements as to motives and personalities.

Any commissioner may move to require the presiding officer to enforce the rules, and the affirmative vote of a majority of the advisory body shall require him or her to so act.

Members of the advisory body shall not leave their seats during a meeting without the consent of the presiding officer.

City employees shall observe the same rules of procedure and decorum applicable to members of the advisory body. Any staff member, including the department head, desiring to address the commission, or members of the public shall first be recognized by the chair. All remarks shall be addressed to the chair and not to any one individual commissioner or public member.

Meeting Minutes

The staff liaison assigned to the advisory body is responsible for preparation of the minutes of each meeting. Meeting minutes shall be a brief record of matters discussed and actions taken by the advisory body. Minutes of the meeting shall be submitted to the advisory body for approval at its next meeting and shall be signed by the Chair.

All advisory body agendas and minutes will be forwarded to the City Council, City Manager, and the City Clerk by the staff liaison.

ARTS & CULTURE COMMISSION

PURPOSE : To serve in an advisory capacity to the City Council and City Manager on promoting, encouraging and increasing support for the arts and culture, including projects and programs designed to promote public arts throughout the neighborhoods of the City; to make recommendations pertaining to arts and culture for City funding to the City Council using objective criteria and evaluation panels, as appropriate; and develop policies to involve artist(s) in selected Capital Improvements Projects and encourage the private sector to include public art in private developments.

TERM OF OFFICE: Four years

MEETINGS: The third Wednesday of each month at 6:00 p.m.

STAFF: Louise Herrera, Parks and Recreation Department

PHONE NO.: (323) 584-6217

BOARD OF APPEALS

PURPOSE: To hear appeals and provide final interpretations of the Building Regulations.

TERM OF OFFICE: Appointment is made on an as-needed basis within fifteen (15) days after an Appeal is filed.

MEETINGS: Board meets as needed

STAFF: Henry Gray, Director of Community Development Department

PHONE NO.: (323) 584-6300

CIVIL SERVICE COMMISSION

PURPOSE: To serve in an advisory capacity to the City Council and the City Manager on personnel matters in the City Service.

TERM OF OFFICE: Six years

MEETINGS: Commission meets as needed

STAFF: Martha Castillo, Human Resources Department

PHONE NO.: (323) 584-6227

HEALTH AND EDUCATION COMMISSION

PURPOSE: To create awareness of health and education matters in the City; determine health and education needs in the Community; and attempt to implement plans for improved health and education in the City.

TERM OF OFFICE: Four years

MEETINGS: The fourth Monday of each month at 6:30 p.m.

STAFF: Corinna Luevano, Community Development Department

PHONE NO.: (323) 584-6677

HISTORIC PRESERVATION COMMISSION

(The Commission shall terminate after 2 years, unless extended by resolution of the City Council, and duties and responsibilities shall be delegated to the Planning Commission)

PURPOSE: To protect, enhance, perpetuate, and designate historic resources of the City. The Historic Preservation Commission shall review and make recommendations for revisions to the Municipal Code for the preservation of historic resources within the City.

TERM OF OFFICE: Two years

MEETINGS: The first Tuesday of each month at 6:30 p.m. with additional meetings scheduled as needed on the third Tuesday of each month at 6:30 p.m.

STAFF: Henry Gray, Director of Community Development Department

PHONE NO.: (323) 584-6300

PARKS AND RECREATION COMMISSION

PURPOSE: To advise the City Council and the Administrative Staff in all matters of policy pertaining to the acquisition, use, maintenance, and operation of parks, playgrounds and other public recreational facilities, and to the maintenance of a planned program of public recreation for the citizens of Huntington Park.

TERM OF OFFICE: Four years

MEETINGS: The second Wednesday of each month at 6 p.m.

STAFF: Louise Herrera, Parks and Recreation Department

PHONE NO.: (323) 584-6217

PLANNING COMMISSION

PURPOSE: To recommend adoption, implement and periodically review and recommend revisions to the General Plan for the desired physical development of the City. The Planning Commission is the lead advisory body in the determination of what uses may be of property in the City and what form and shape the community will take in the future. The Commission's responsibilities and authority are governed by Title 9, Section 9-1.104 of the Huntington Park Municipal Code.

TERM OF OFFICE: Four years

MEETINGS: The first and third Wednesday of each month at 6:30 p.m.

STAFF: Genny Ochoa, Community Development Department

PHONE NO.: (323) 584-6210

YOUTH COMMISSION

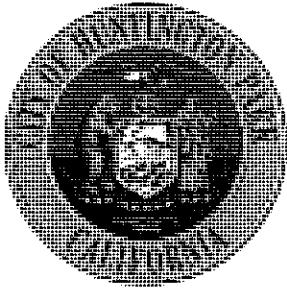
PURPOSE: To create awareness in the City of youth, determine needs not being met by the Community; serve as an advisory body to the City Council; and develop leadership in the community.

TERM OF OFFICE: Initial terms of one year and two years.

MEETINGS: The first Wednesday of each month at 5 p.m.

STAFF: Louise Herrera, Parks and Recreation Department

PHONE NO.: (323) 584-6217



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

STATUS UPDATE REGARDING CITY'S DRAFT NEWS RACKS ORDINANCE AMENDMENT.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Discuss the City's proposed regulations pertaining to news racks; and
2. Receive and file this informational report.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In response to City Council concerns regarding the proliferation of news racks located in the public right-of-ways, the Interim City Attorney's Office and staff have prepared a draft news racks ordinance. Historically, the City has faced challenges and issues related to news racks such as poor maintenance, inconsistent appearance, and safety hazards to pedestrians. The City Prosecutor concluded that the current ordinance is difficult to enforce and recommended that the ordinance be amended.

City staff representatives from the Police Department, Code Enforcement Division, Public Works/Engineering Department and Planning Division have met on several occasions to discuss the current and proposed ordinances. Staff discussions have focused on implementation and enforcement of the ordinance. Staff has also performed a complete survey of all news racks City wide, identifying the number of news racks, the publications and compiling contact information for each news rack.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed ordinance addresses the issues highlighted by the City Prosecutor. Most importantly, the proposed ordinance aims to improve the overall appearance and safety of the City's streetscape by creating standards that address illegal, abandoned and poorly maintained news racks. If adopted, the proposed ordinance will replace the

News Racks Ordinance Status Update

April 15, 2013

Page 2 of 3

current ordinance in its entirety. Once adopted, staff will commence compliance activities for all news racks located within the City.

The proposed news rack ordinance will accomplish the following objectives:

1. Create uniformity and consistent appearance for news racks. The proposed regulations will set the type, color, size and design of news racks in the City.
2. Limit the location and number of new racks on public property. Currently news rack can be placed almost anywhere within the City limits. The proposed ordinance will strictly regulate the locations of news racks by creating predetermined designated news rack areas. Also, news racks with a valid permit will be required to display a permit decal. The designated areas and the decal will allow for illegally placed news racks to be easily identified.
3. Establish a selection process for publications. The proposed ordinance will establish a fair selection process for all publication vendors wishing to locate within the City. In the event that there are more applicants for a specific designated news rack areas than space available, the ordinance will establish a priority system for selection based specific criteria.
4. Establish news rack removal process. The removal procedure in the proposed ordinance for non-compliant, non-permitted, and abandoned news racks will eliminate subjectivity and provides further notice and hearing requirements.
5. Allows the City to recover administrative costs. The proposed ordinance will allow the City to charge fees to recover the actual costs of processing applications, administering hearings, maintaining designated news rack areas and storing impounded news racks.

There are many news rack types and design options that the City can select to create visual uniformity of news racks throughout the City. An option under consideration is to identify a specific model of news rack model that will be mandatory for all news rack installations. Another option is the installation of news rack "corrals" which would serve to create a physical barrier and a visual screen around a predetermined number of single news racks thereby reducing the visual clutter caused by the numerous single newspaper racks.

CONCLUSION

Staff intends to inform and/or meet with the current news rack operators/owners to discuss the proposed ordinance and compliance procedures. After the meeting, staff will bring the draft ordinance for City Council consideration.

News Racks Ordinance Status Update

April 15, 2013

Page 3 of 3

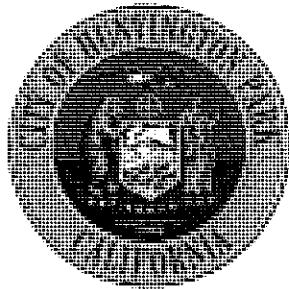
Respectfully submitted,



RENÉ BOBADILLA
City Manager, P.E.



JACK L. WONG
Interim Director of Community Development



CITY OF HUNTINGTON PARK

Community Development Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

INFORMATION REPORT REGARDING THE NATIONAL COMPLETE STREETS COALITION'S RECOGNITION OF HUNTINGTON PARK'S COMPLETE STREETS POLICY.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Receive and file this report.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The National Complete Streets Coalition (Coalition) released its Best Complete Streets Policies of 2012, including a list of the 10 best policies in the country. The City of Huntington Park's Complete Streets Policy, adopted in April 2012, was recognized as the second best policy in the nation.

FISCAL IMPACT/FINANCING

None.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Coalition, a program of Smart Growth America, seeks to fundamentally transform the look, feel and function of the roads and streets by changing the way most roads are planned, designed and constructed. The Coalition defines Complete Streets as roads designed and operated to enable safe access for all users, including pedestrians, bicyclists, motorists and transit riders of all ages and abilities. By adopting a Complete Streets policy, cities direct their planners and engineers to routinely design and operate the entire right-of-way to enable safe access for all users, regardless of age, ability, or mode of transportation.

Complete Streets are those that incorporate the following components: sidewalks, bike lanes (or wide paved shoulders), special bus lanes, comfortable and accessible public transportation stops, frequent and safe crossing opportunities, median islands, accessible pedestrian signals, curb extensions, narrower travel lanes, and roundabouts.

CONCLUSION

The City is actively pursuing funding to develop a Complete Streets plan that will assist in the implementation of the City's recently adopted Complete Streets Policy. The award of this national recognition will greatly enhance our competitiveness when applying for future grants.

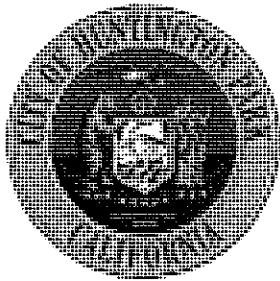
Respectfully submitted,



RENÉ BOBADILLA
City Manager, P.E.



Jack Wong
Interim Community Development Director



CITY OF HUNTINGTON PARK

Public Works Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

SALT LAKE PARK SOCCER FIELDS PROJECT

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve the Project Study Report and authorize the completion of the contract documents for the construction of the project.
2. Authorize the City Manager to execute a Cooperative Agreement with the City of Vernon defining the terms and conditions of a funding contribution for the project in the amount of \$500,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed project consists of the construction of artificial turf soccer fields at Salt Lake Park, the City's largest and primary park. The new artificial turf soccer fields will be constructed on a dirt field, known as the Soccer Circle that is currently used by residents for recreational soccer. This new soccer field will be the *only* public developed soccer field in the City available to the general public for recreational use.

The project includes the construction of two adjacent 7-on-7 soccer fields, each measuring 70 yards x 36 yards. These fields can serve both youth (AYSO 8-under and younger) and adult soccer (7-on-7 matches). The project site has existing athletic field lights for evening play. More detailed information about the project, including a conceptual site plan, is included in the Project Study Report (Enclosure 1).

The new soccer field will also augment the existing regulation size soccer field at the park, the only regulation size soccer field in the City. This existing natural turf field is reserved exclusively for organized youth soccer programs because it would not

SALT LAKE PARK SOCCER FIELDS

April 15, 2013

Page 2 of 4

withstand the expected level of daily usage to serve all of the residents in the City of Huntington Park and surrounding communities.

The project will provide new recreation opportunities in this park-poor community. The City currently provides less than half an acre of park space per 1,000 people, far below the statewide standard of more than three acres per 1,000.

The project will provide significant benefits to residents of Huntington Park as well as residents of neighboring southeast Los Angeles communities including Bell, Cudahy, Maywood, and Walnut Park (L.A. County unincorporated). The project is located in a high-density area of Los Angeles County, with more than 17,000 residents living within a one-half mile radius of the project site.

The project will provide local residents with new opportunities for physical fitness. One of the main health concerns in Huntington Park is the high prevalence of obesity. According to the California Center for Public Health Advocacy, 53% of children in Huntington Park are overweight.

The anticipated project schedule is presented in Attachment B.

FISCAL IMPACT/FINANCING

There will be no impact to the General Fund as a result of this action. The City received \$124,000 from the City of Vernon in October 2012 to fund the design costs and a portion of the construction. The City of Vernon recently pledged an additional \$500,000 toward the construction cost. Funding for this project also includes \$100,000 from CDBG funds for a total budget of \$724,000, an amount in excess of the estimated total cost of \$714,550.

The Total Project Budget is presented in Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Acceptance of the funds from the City of Vernon will require a cooperative agreement that defines the terms and conditions of the funding contribution. The final agreement will be reviewed by the City Attorney as to form.

The construction of this project is subject to the requirements of the California Public Contract Code.

SALT LAKE PARK SOCCER FIELDS

April 15, 2013

Page 3 of 4

CONTRACTING PROCESS

Lawrence R. Moss and Associates, Inc. (Larry Moss) is the Landscape Architect currently under contract for the design of the project. The City Council authorized the contract with Larry Moss on October 1, 2012 in the amount of \$124,000. The project

scope was subsequently reduced due to funding limitations and City staff is in the process of negotiating a final reduced fee with Larry Moss for the scaled-down project.

On October 1, 2012, the City Council authorized the execution of a cooperative agreement with the City of Vernon defining the terms and conditions of a funding contribution in the amount of \$124,000 by Vernon for the project. The City of Vernon recently committed an additional \$500,000 to fully fund the construction of the project. The additional funding requires a new and separate cooperative agreement. The agreement will be similar to the previously executed agreement and will be approved as to form by the City Attorney.

Following the completion of the design and development of contract documents, staff will request City Council adoption of the project and authorization for advertisement for construction in accordance with the California Public Contracting Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action will serve to increase the use and functionality of the soccer facilities at Salt Lake Park. The new artificial turf fields will provide increased opportunities for both organized sport programs and open play for the general community. Increased staffing for sports programming will be considered on a case-by-case basis as new programming opportunities arise. Routine maintenance of the subject park space is anticipated to decrease relative to the existing dirt surface that requires ongoing weed, dust and mud control. The artificial turf is a relatively low maintenance surface relative to natural turf.

NEGATIVE DECLARATION / ENVIRONMENTAL IMPACT REPORTS

The proposed project is located in an urban environment that is built out. Surrounding land uses consist of commercial, retail, residential, a city corporate maintenance yard and an elementary school. This project is categorically exempt under CEQA guidelines (Section 15302) since it consists of the replacement and reconstruction of an existing facility. It is likely that the majority of the environmental impacts would occur during the construction phase and are expected to be temporary in nature. Moreover, the project site is located 200 feet from the nearest residential property and the existing types of uses of the facility will remain unchanged.

SALT LAKE PARK SOCCER FIELDS

April 15, 2013

Page 4 of 4

CONCLUSION

Upon City Council approval, staff will prepare and execute a cooperative agreement with the City of Vernon for the project funding, complete the design documents for the project, and prepare the project for City Council authorization to advertise the project for construction.

Respectfully submitted,



RENÉ BOBADILLA, P.E.

City Manager



JAMES A. ENRIQUEZ, P.E.

Director of Public Works / City Engineer

Attachments:

A – Salt Lake Park Soccer Fields Project: Total Project Budget

B – Public Works Yard Construction Project

Enclosure:

1 – Project Study Report for Salt Lake Park Soccer Fields

ATTACHMENT "A"
SALT LAKE PARK SOCCER FIELDS PROJECT
TOTAL PROJECT BUDGET
As of April 1, 2013

Project Activity	Estimated Cost
Architectural Design Services	\$ 50,500
Construction Cost	575,500
Contingency (10%)	57,550
Construction Management & Inspection	31,000
TOTAL PROJECT COST:	\$ 714,550

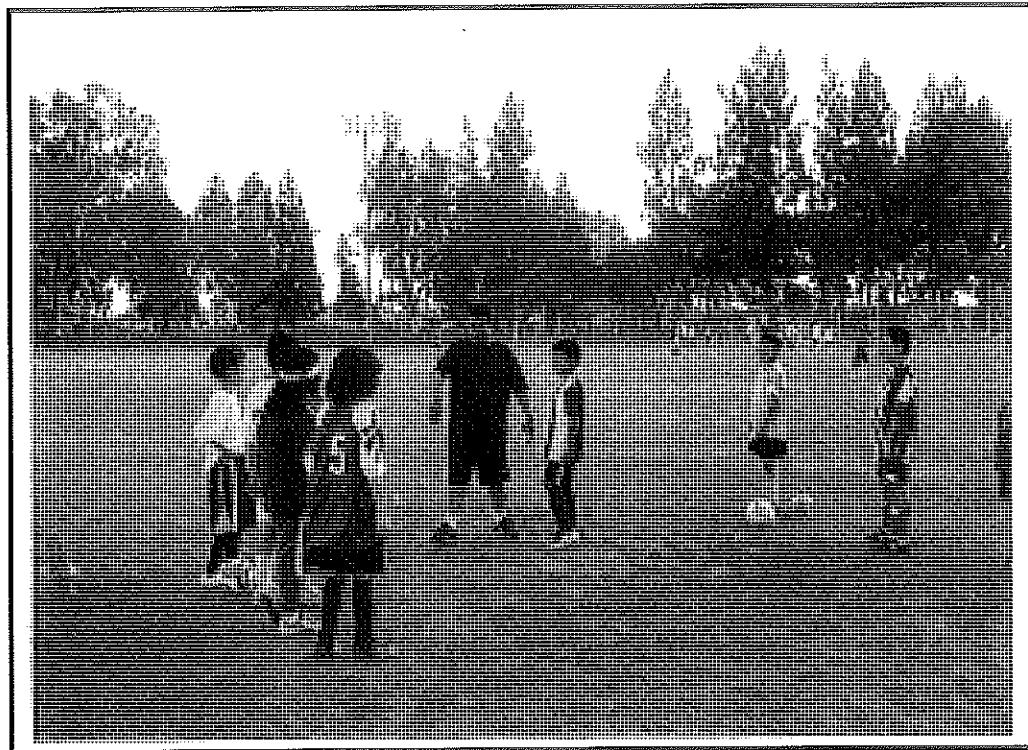
Funding Category	Estimated Budget
City of Vernon (October 2012 Cooperative Agreement)	\$ 124,000
CDBG Funds	100,000
City of Vernon (Recommended Cooperative Agreement)	500,000
TOTAL:	\$ 724,000

ATTACHMENT "B"
PUBLIC WORKS YARD CONSTRUCTION PROJECT
PROJECT SCHEDULE
As of April 1, 2013

Project Activity	Scheduled Completion Date
Execute Architectural Design Contract	10/1/2012*
Schematic Design & Cost Estimate	12/20/2012*
City Council Preliminary Project Approval	4/1/2013
Final Plans, Specifications & Estimate (PS&E)	5/31/2013
City Council Adopt PS&E, Authorize Advertisement for Construction	6/17/2013
Advertise Notice Inviting Bids	6/20/2013
Bid Opening	7/18/2013
City Council Award Construction Contract	8/5/2013
Construction Notice to Proceed	8/19/2013
Construction Completion	11/27/2013

* Task completed.

PROJECT STUDY REPORT
for
SALT LAKE PARK SOCCER FIELDS
in the
City of Huntington Park, CA



Approved by City of Huntington Park:

This Project Study Report has been prepared under the direction of the following staff authorized by the City of Huntington Park, CA to sign for the work. The person signing below attests to and certifies the technical information contained herein and the engineering data upon which the recommendations, conclusions, and decisions are based.

APPROVED:



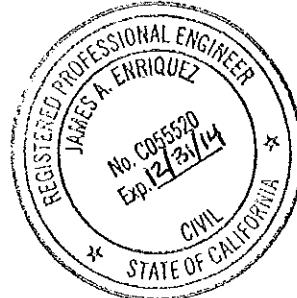
James Enriquez, P.E.

January 17, 2013

Date

C-55520

License No.



1. Introduction

The City of Huntington Park is a small and densely populated California city of three square miles located approximately five miles southeast of downtown Los Angeles in an area known as the Gateway Cities. The population of approximately 61,000 is predominantly Latino with an average annual household income of \$27,000. This urban and economically disadvantaged community faces serious socio-economic problems such as a high poverty rate, an above average crime rate, low academic achievement, and a high childhood obesity rate.

In June 2012, the California Center for Public Health Advocacy released a study that identified Huntington Park as the city with the highest rate of childhood obesity in California with a rate of 53%. This is an alarming rate given that one out of every three residents is under 18 years of age. Although there are multiple factors that contribute to this serious health issue, the fact remains that the city is severely underserved in terms of access to parks and other open spaces for outdoor recreation opportunities.

Despite these challenges, Huntington Park is also a community of opportunity. This project proposes the construction of two artificial turf soccer fields at Salt Lake Park, the city's largest park. The Salt Lake Park Soccer Fields project will have a major positive impact by providing a public soccer field in a community that lacks recreation spaces. The project will create opportunities for youth and adults to improve their quality of life through sport and outdoor recreation.

2. Project Description

The project consists of the construction of two half size artificial soccer fields within an area in Salt Lake Park known as the Soccer Circle (see Figure 1). The Soccer Circle is currently heavily used by all age groups in the community for soccer play and practice. It is an area that measures approximately 340 feet in diameter, has a fence around the perimeter and has adequate lighting for night usage. The improvements can be summarized as follows:

A. Soccer Field Dimension Options

A full size regulation soccer field (120 yd x 75 yd) is significantly larger than the available space within the Soccer Circle. It can be accommodated by extending the field to the west, but requires significant grading and improvements at a significantly higher total project cost. Therefore, two half size fields (70 yd x 36 yd) are recommended. These fields fit within the existing Soccer Circle as shown in the site plan in Attachment C. The proposed fields accommodate Seven-on-Seven soccer matches as well as American Youth Soccer Organization (AYSO) soccer matches up to the 8-under (8U) division.

B. Soccer Field Surface Options

The heavy usage of the existing Soccer Circle has been detrimental to the natural turf in the area leaving it completely bare. The construction of new soccer fields will only increase the usage. Therefore, artificial turf is recommended to provide durability and

improved availability during moderate rain and following significant rainfall events. The artificial turf will be constructed with a subdrainage system as well as an irrigation system for cooling the field on hot sunny days. The annular space within the Soccer Circle will be graded with natural turf and/or decomposed granite humps to provide seating areas for spectators.

C. Total Project Cost and Schedule

The estimated total project cost is presented in Attachment A. The project schedule is presented in Attachment B.



Figure 1: Salt Lake Park Aerial Photo

3. Need and Purpose

The proposed project is intended to meet the following primary objectives:

- A. Maximize the use of existing open park space in a community that is severely underserved in terms of acreage of park space per capita.
- B. Provide additional recreational opportunities to the general community and facilities for organized adult and youth soccer organizations.

Need

The City of Huntington Park currently provides less than half an acre per 1,000 residents, well below the statewide standard of more than three acres per 1,000 residents. The city is also densely developed and populated leaving limited land for additional open park space. This makes efficient use of current park space critical in maximizing the recreational opportunities for residents with more than 17,000 people living within one-half mile of Salt Lake Park.

Salt Lake Park currently has one full size regulation soccer field made of natural turf located at the northwestern corner of the park (see Figure 1). This field is the only soccer field in the city and serves various organizations, including neighborhood schools and AYSO Region 526 of Area 11Z with an enrollment of over 400 kids from the Cities of Huntington Park, Maywood, Bell and Cudahy. Use of the field is regulated to limit the wear and tear on the natural turf which limits scheduling opportunities for organized soccer play.

Purpose

The proposed artificial turf soccer fields within the Soccer Circle would serve to maximize the use of existing park space reserved for soccer play. The Soccer Circle is currently heavily used for soccer and has resulted in the degradation of the natural turf. The remaining dirt surface provides a dusty and uneven surface that makes for poor playing conditions for soccer (Figure 2). In addition, the space often becomes muddy and unusable due to rain (Figure 3).

The artificial turf would eliminate the dust and mud problems providing a level and safe surface with the durability to endure the long and daily hours of usage and adequate drainage. The existing sports field lighting also accommodates evening and night use to further allow for extended usage.

The additional fields would also improve organized soccer scheduling by providing additional fields for games and practice for the 8U and younger AYSO divisions as well as Seven-on-Seven soccer leagues for older participants.

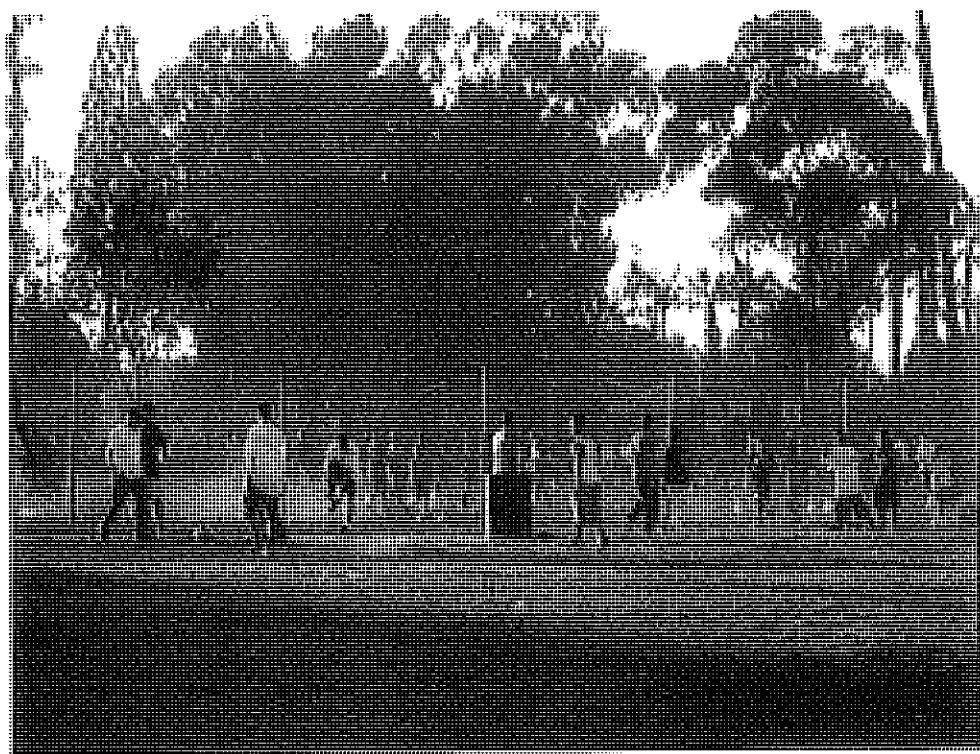


Figure 2: Dusty Conditions at Soccer Circle



Figure 3: Muddy Conditions at Soccer Circle

4. Environmental Resources and Clearance

The proposed project is located in an urban environment that is built out. Surrounding land uses consist of commercial, retail, residential, a city corporate maintenance yard and an elementary school. This project is categorically exempt under CEQA guidelines (Section 15302) since it consists of the replacement and reconstruction of an existing facility. It is likely that the majority of the environmental impacts would occur during the construction phase and are expected to be temporary in nature. Moreover, the project site is located 200 feet from the nearest residential property and the existing types of uses of the facility will remain unchanged.

5. Funding / Programming

The estimated total project cost is \$714,550 (Attachment A). The City of Huntington Park has received project funding from the City of Vernon in the amount of \$125,000 that will pay for design costs and a portion of the construction. In addition, the city has budgeted \$100,000 in Community Development Block Grant (CDBG) funds for this project. The City is the lead agency and actively pursuing funding opportunities through various local, state and federal agencies as well as private donors and non-profit organizations.

The current funding plan is as follow:

	<u>FUNDING SOURCE \$</u>	<u>COST \$</u>
Design Architect / Engineer	\$ 51,000 (City of Vernon)	\$ 50,500
Construction	\$74,000 (City of Vernon)	\$ 633,050
	\$100,000 (City of Huntington Park - CDBG)	
Construction Management / Inspection		\$ 31,000
TOTAL	\$225,000	\$ 714,550
	Project Funding Shortfall:	\$489,550

See Attachment A for the Total Project Cost Estimate and Attachment B for the proposed project schedule.

Attachments

- A) Total Project Cost Estimate – Attachment A
- B) Proposed Project Schedule – Attachment B
- C) Project Site Plan – Attachment C

TOTAL PROJECT COST ESTIMATE

Project Scope:

Construction of two half-size artificial turf soccer fields at Salt Lake Park in the City of Huntington Park, CA. The side-by-side fields measure approximately 210 feet (70 yards) long by 107.5 feet (36 yards) wide with a 10-foot buffer area around the entire field. Improvements are contained inside an existing enclosed and fenced dirt area and include construction of decomposed granite surface in the area around the artificial turf fields as well as other appurtenances.

Project Component Costs: (in 2013 dollars)

ENGINEER'S ESTIMATE OF PROBABLE CONSTRUCTION COST ONLY

ITEM NO.	ITEM	UNIT OF MEASURE	ESTIMATED QUANTITY (ROUNDED)	UNIT PRICE	ITEM TOTAL
1	MOBILIZATION	LS	1	\$ 15,200	\$ 15,200
2	CONSTRUCTION SURVEYING	LS	1	\$ 3,500	\$ 3,500
3	DEMOLITION	LS	1	\$ 5,700	\$ 5,700
4	HERCUSHIELD 2400 GEOTEXTILE FABRIC	LS	1	\$ 12,700	\$ 12,700
5	EARTHWORK	LS	1	\$ 46,500	\$ 46,500
6	ADVANTAGE FLATDRAIN SYSTEM @ 20' O.C.	LS	1	\$ 12,000	\$ 12,000
7	TREATED REDWOOD HEADER	LS	1	\$ 3,800	\$ 3,800
8	12" PERFORATED PIPE	LS	1	\$ 34,000	\$ 34,000
9	4" THICK PERMEABLE BASE	LS	1	\$ 56,000	\$ 56,000
10	CONCRETE CURB	LS	1	\$ 16,000	\$ 16,000
11	FIELD COOLING SYSTEM	LS	1	\$ 32,000	\$ 32,000
12	DECOMPOSED GRANITE SURFACE	SF	31,000	\$ 2.30	\$ 71,300
13	IRRIGATION SYSTEM	LS	1	\$ 69,000	\$ 69,000
14	FIELD TURF "REVOLUTION" SYSTEM	LS	1	\$ 184,000	\$ 184,000
15	FIELD MARKING/STRIPING	LS	1	\$ 13,800	\$ 13,800
	CONSTRUCTION CONTINGENCY (10%)				\$ 57,550
				CONSTRUCTION COST	\$ 633,050

16	ARCHITECTURAL DESIGN SERVICES				\$ 50,500
17	CONSTRUCTION MANAGEMENT & INSPECTION				\$ 31,000

TOTAL PROJECT COST \$ 714,550

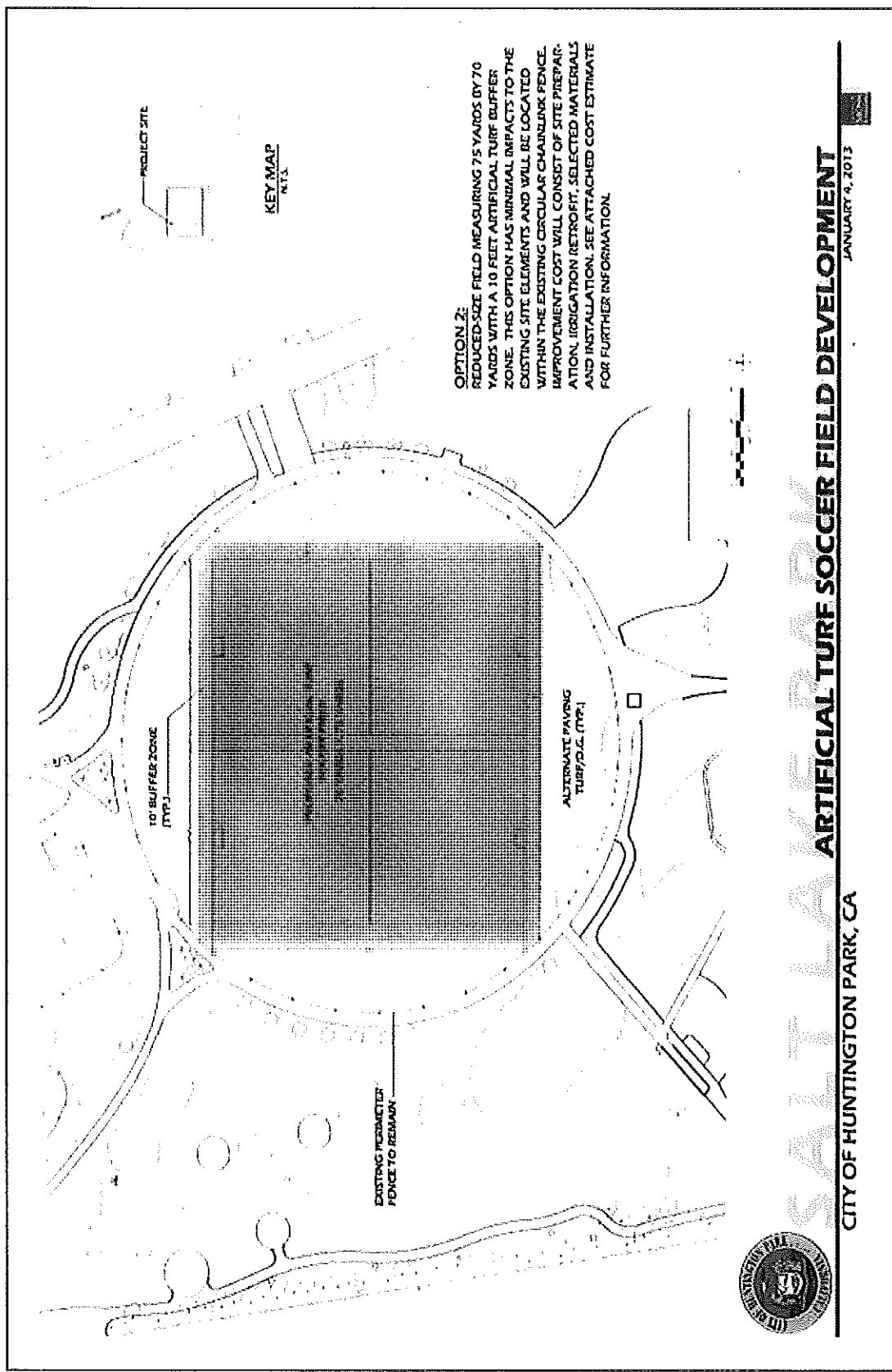
PROPOSED PROJECT SCHEDULE

<u>Project Task</u>	<u>Completion Date</u>
Execute Architect Design Contract	10/1/2012
Schematic Design & Cost Estimate	12/20/2012
City Council Preliminary Project Approval	4/1/2013
Final Plans, Specifications & Estimate (PS&E)	5/31/2013
City Council Adopt PS&E, Authorize Advertisement for Construction	6/17/2013
Advertise Notice Inviting Bids	6/20/2013
Bid Opening	7/18/2013
City Council Award Construction Contract	8/5/2013
Construction Notice to Proceed	8/19/2013
Construction Completion	11/27/2013

Responsible Agency: City of Huntington Park

Contact Person Information: James Enriquez, P.E.
Director of Public Works / City Engineer
6550 Miles Avenue
Huntington Park, CA 90255
(323) 584-6253
jenriquez@huntingtonpark.org

PROJECT SITE PLAN





CITY OF HUNTINGTON PARK

Public Works Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

CITYWIDE BIKE RACK INSTALLATION PROJECT

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve the proposed project to purchase and install decorative bike racks throughout the City, focusing on the Pacific Boulevard commercial area and selected City parks and facilities.
2. Authorize the City Manager to execute a Purchase Order for a not-to-exceed amount of \$24,000 for the purchase and delivery of approximately 50 decorative bike racks.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The City receives an annual allocation of special funds from the Los Angeles Metropolitan Transportation Authority (METRO) made available by the Transportation Development Act (TDA) Article 3 authorized by the State Legislature in 1971. Use of the funds is restricted for the design and construction of pedestrian and bicycle facilities and amenities. The recommended project is consistent with METRO guidelines and consists of the purchase and installation of approximately 50 decorative bike racks throughout the Pacific Boulevard commercial area, within the sidewalk, as well as selected City parks and other city facilities.

The recommended bike racks are decorative and similar to the vintage style racks shown in the attached brochure provided by the manufacturer, Cycle-Safe (Enclosure 1). They are similar to racks used by other cities particularly in downtown commercial areas. The racks are both functional and will provide an aesthetic enhancement to the

CITYWIDE BIKE RACK INSTALLATION PROJECT

April 15, 2013

Page 2 of 3

areas in which they are installed, while providing a standardized look for areas reserved for bike parking that will encourage bicyclers to park only in designated areas. The City has a high pedestrian and bicycle population and many of those bikes are often locked to street lights and parking meters and interfere with pedestrian movement.

The recommended bike racks are consistent with the types of pedestrian improvements that are planned as part of the Pacific Boulevard Pedestrian Improvement Project funded by the 2009 METRO Call for Projects grant. They are surface mounted and can be easily relocated for incorporation into the new project. The proposed racks also complement the highly used bus facilities along Pacific Boulevard.

FISCAL IMPACT/FINANCING

The purchase of the bike racks will not impact the General Fund. The purchase will be funded entirely with TDA Article 3 bicycle and pedestrian special funds provided through METRO. The City receives approximately \$30,000 TDA dollars annually from METRO based on a per-capita formula. Since the funds must be spent within a specified time period, the \$25,985 allocation from Fiscal Year 2011 is subject to de-obligation if not spent by June 30, 2013.

A portion of the Public Works Maintenance staff time that will be allocated to the installation of the bike racks is funded from the General Fund, depending on the salary allocations of the staff assigned. This staff time and the TDA funds spent may qualify as local match money for the 2009 METRO Call for Projects grant for the Pacific Boulevard Pedestrian Improvements Project.

CONTRACTING PROCESS

In accordance with the Huntington Park Municipal Code and Purchasing Manual, the recommended purchase of equipment and supplies is in excess of \$15,000 and requires City Council authorization. Upon City Council approval, staff will conduct a formal bid, select the lowest responsive and responsible bidder, and execute a Purchase Order.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended bike racks will be installed by Public Works Maintenance staff and is not anticipated to significantly impact routine maintenance operations or have a significant impact on current services or projects.

CITYWIDE BIKE RACK INSTALLATION PROJECT

April 15, 2013

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NEGATIVE DECLARATION / ENVIRONMENTAL IMPACT REPORTS

The recommended project is categorically exempt under CEQA guidelines (Section 15303) since it consists of the construction/installation of small structures or equipment.

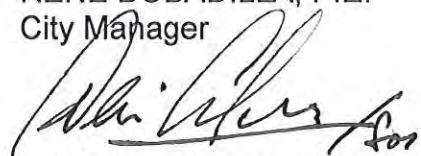
CONCLUSION

Upon City Council approval, staff will solicit a minimum of three bids, select the lowest responsive and responsible bidder, and prepare and execute a Purchase Order for the purchase and delivery of the decorative bike racks.

Respectfully submitted,



RENÉ BOBADILLA, P.E.
City Manager



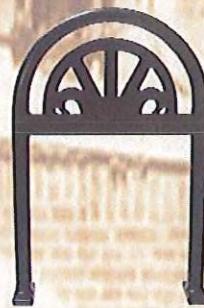
JAMES A. ENRIQUEZ, P.E.
Director of Public Works / City Engineer

Enclosure 1 - Brochure: "Cycle-Safe"



CycleSafe®
SECURE BICYCLE PARKING

Vintage Racks™ by: **cycle-safe**



The Paris

*The charm of yesteryear.
The performance of tomorrow.*

Vintage Racks by Cycle-Safe are a novel blend of the old and the new. They capture the charm of traditional ornamental bicycle stands. Yet they incorporate leading-edge technologies to meet contemporary performance standards.



The Plymouth

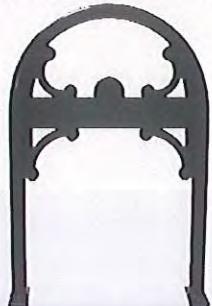
Vintage Racks were developed in response to urban planners' efforts to recreate historic streetscapes as counterpoints to the hustle and bustle of the modern world. Vintage Racks perfectly complement these restoration projects - both as decorative art pieces and as a means to encourage and accommodate eco-friendly transportation.



The Lafayette

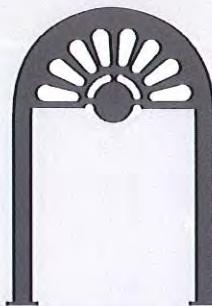
THE PEARL

In-ground Rack # 12180G
Surface-Mount # 12180S



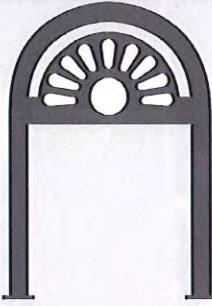
THE PLYMOUTH

In-ground Rack # 12140G
Surface-Mount # 12140S



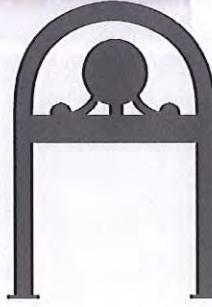
THE MADISON

In-ground Rack # 12130G
Surface-Mount # 12130S



THE LAFAYETTE

In-ground Rack # 12150G
Surface-Mount # 12150S



Vintage Racks™

by: **cycle-safe**

From the leader in secure bicycle parking.

For more than 20 years, Cycle-Safe has revolutionized bicycle parking with breakthrough designs, materials and technologies. Cycle-Safe installations are located worldwide, on city streets and university campuses, in office parks and shopping centers, at park & ride lots, and more. For variety, longevity and dependability, Cycle-Safe has no equal.

Superior design for better safety.

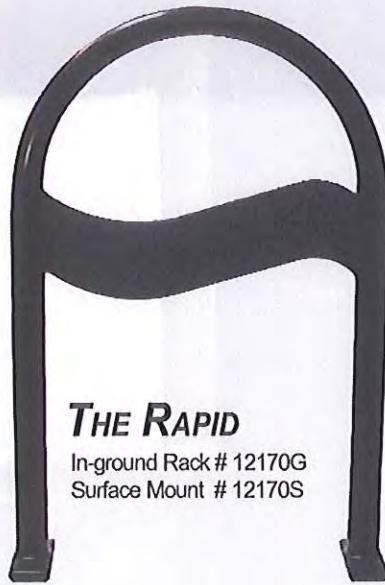
The inverted U is the most universally acknowledged design for efficient bicycle racks. Cycle-Safe Vintage Racks offer superior cycle frame support and stability characteristic of this design. The smooth lines of Cycle-Safe's one-bend U racks are also safer for pedestrian traffic around bike parking.



THE PLYMOUTH
Surface Mount # 12140S

Durable and maintenance-free.

Cycle-Safe Vintage Racks are completely covered with TGIC Polyester powder coat with E-coat primer over Schedule 40 steel pressure pipe. This ensures maximum corrosion-resistance, impact-resistance, and UV stability to provide a maintenance free finish.

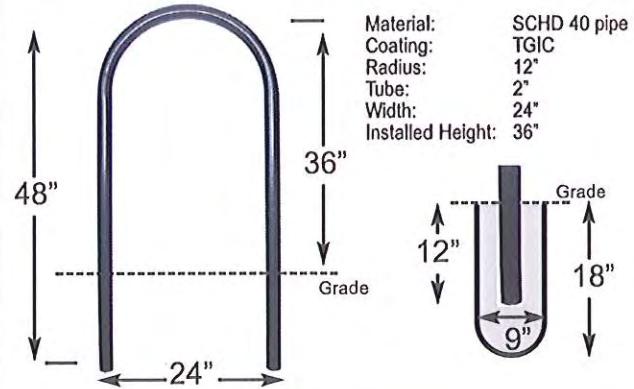


THE RAPID

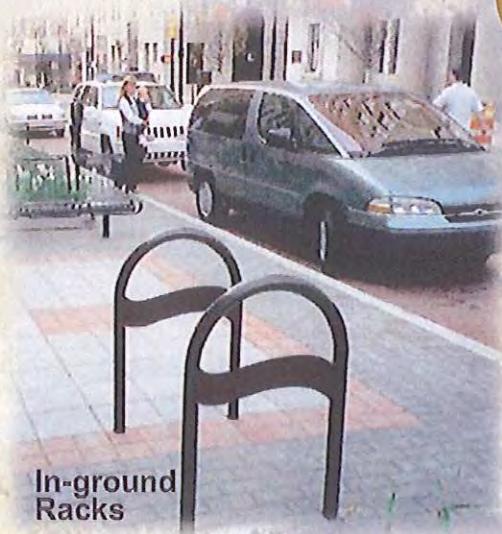
In-ground Rack # 12170G
Surface Mount # 12170S

In-ground Installation

This is the standard for new construction and the most secure type of inverted-U installation. Can easily be installed in existing locations by drilling a 3"-4" core and grouting.



To download product specifications
go to cyclesafe.com
or call 888-950-6531



In-ground
Racks

- Unique Vintage Designs
- Low minimums to order (qty. 6)
- No Custom Set-ups
- Maintenance-free coating
- Meets all industry standards
- Capacity is 2 bicycles per rack

A pleasure to behold.

Originally designed for historic restoration projects, Cycle-Safe Vintage Racks are now being used as functional art in all manner of urban landscapes. Custom racks (see back page) provide even greater aesthetic flexibility. Custom colors are also available. All these rack choices may qualify for "1% for Art" public funding.

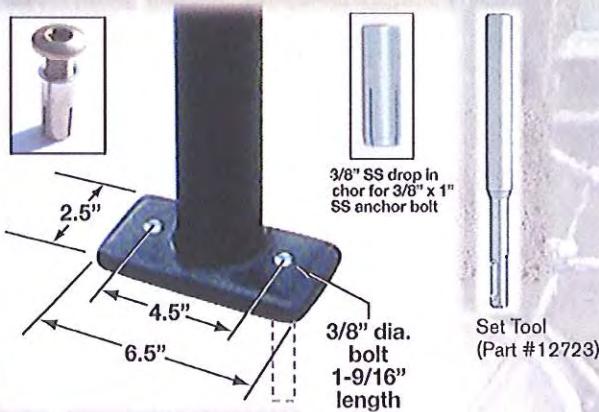


Surface-Mount
12160S



Rail-Mount
12150S
12170S
12140S

Rails can be obtained in 6 ft. and 12 ft. length and are fully coated.



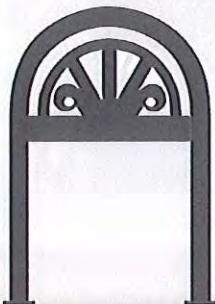
Surface Mount

NEW EXCLUSIVE! Our recommended Item #12718,
3/8" x 4" Torx Tamper-resistant button head concrete
screw (shown).

Hardware Kit-G (Part #12716)

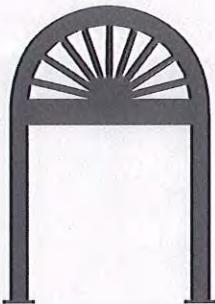
THE PARIS

In-ground Rack # 12193G
Surface-Mount # 12193S



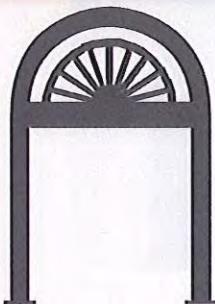
THE BRETON

In-ground Rack # 12133G
Surface-Mount # 12133S



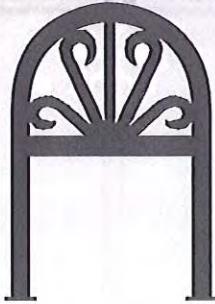
THE FULTON

In-ground Rack # 12190G
Surface-Mount # 12190S



THE CASCADE

In-ground Rack # 12160G
Surface-Mount # 12160S



THE PARIS

Surface Mount # 12193S

Cycle-Safe Maintenance-Free One-Bend Bike Racks

CUSTOM RACKS *by: cycle-safe*

Visit our Web site for custom images...cyclesafe.com



Turn your bike rack into a promotion with our exclusive racks. Display your corporate or community logo with laser-cut stainless steel made to your specifications, or use screen-printed images. Call for details on custom racks.



Cycle-Safe bicycle racks are designed to provide safety for users and to encourage cycling. The Cycle-Safe engineering team has developed three variations for installation to accommodate your needs; In-ground, Surface-Mount, or Rail-Mount.

How to Specify Bicycle Racks

Bicycle rack part #_____ (add Vintage style part#), as manufactured by Cycle-Safe, Inc., 888-950-6531. There is no equal.

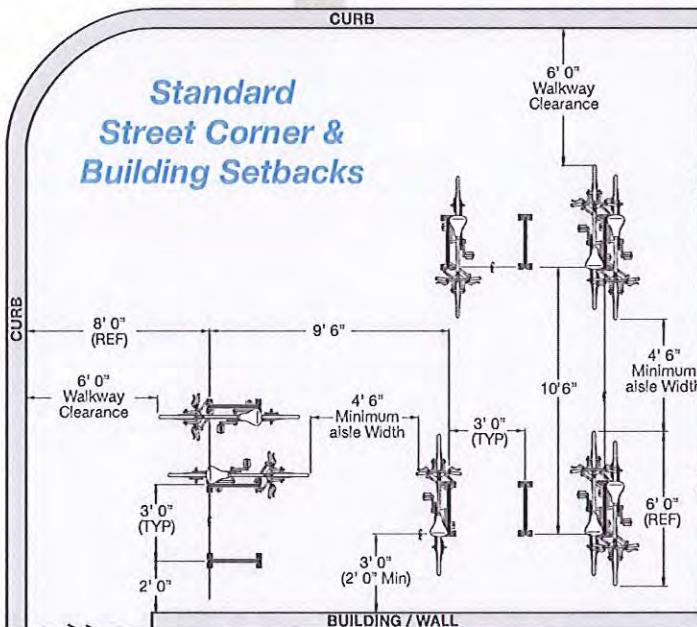
Furnished Material Shall be:

- 1-1/2" SCHD, 40 PIPE (1.50" I.D.), rolled in the shape of an inverted "U" to a 12" outside radius standing 36" high.
- Vintage inlay design to be 1/4 steel plate, laser-cut.
- Coating to be TGIC Polyester powder coat.
- Standard Color – Black.
- Texture – regular grain.
- Gloss – semi-gloss.
- Tensile Strength – 1800 PSI min.
- Resistance to abrasion.
- Salt Spray Resistance to >2000 hours
- Hardness (Shore D) ASTM D 2240 - Results 52.
- Installation Options: In-ground (G), Surface-mount (S), Rail-mount (R)

Installation Layouts and Space Requirements:

Based on recommendations from the Association of Pedestrian and Bicycle Professionals and over 30 years in the bike parking industry, the following diagrams show typical configurations and space allowances for installations of multiple bike racks.

The minimum space between each rack is 3'0", more if possible to allow for ease of access. Aisles separate the rows of racks, with a minimum between aisles to be 4'6", to allow for one person to walk one bike. In high traffic areas, the recommended aisle width is 6'0". Aisle widths are measured tip to tip of bike tires between the rows of racks. Six feet should be allowed for each row of parked bicycles. Conventional upright bicycles are just less than 72 inches long, with handlebar widths varying from 22"-27" and can be easily accommodated with these recommended spacings.



Download complete specifications for each rack in Word format from our web site cyclesafe.com
Vintage Bike Rack Series protected under US/Canadian Design Patents and Patents Pending.

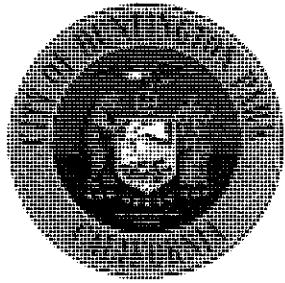


CycleSafe®
SECURE BICYCLE PARKING



Cycle-Safe, Inc. also manufacturers bike lockers and a wide range of bicycle locker accessories. Please call or visit our web site cyclesafe.com for details.

888-950-6531 • Fax: (616) 954-0290
E-mail: info@cyclesafe.com
Website: cyclesafe.com



CITY OF HUNTINGTON PARK

Police Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

RFP AWARD - Portable Camera Surveillance and Monitoring System

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Approve Recommended Vendor Associated with Project: (R.F.P.) - Portable Camera Surveillance and Monitoring System.
2. Council Authorize City Manager to Sign General Agreement between the City and Recommended Vendor Upon Review of City Attorney.
3. Council Authorize the Finance Department to Issue a Purchase Order to Facilitate the Purchase of Equipment and Services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department of Public Works and Police Department recommend 3E Group, Inc. as the approved vendor to complete the "Public Safety Mobile and Surveillance Wireless Mesh Network" project for the City. This project is funded by a grant which requires the City's expenses be incurred by May 15, 2013. Due to time constraints we are requesting that the City Manager be authorized to sign the general agreement between the City and the approved vendor, upon review by the City Attorney.

The Department of Public Works previously secured a reimbursement grant award of \$456,500.00 from CalRecycle to combat illegal dumping in Huntington Park. The grant project included \$122,762.46 in funding for a surveillance camera system in support of the City's efforts to curtail illegal dumping.

RFP AWARD - "Public Safety Mobile and Surveillance Wireless Mesh Network"

April 15, 2013

Page 2 of 4

In partnership with the Department of Public Works, the Police Department seeks to utilize a "Portable Camera Surveillance and Monitoring System" to curtail instances of illegal dumping within the City of Huntington Park. This camera system is the third phase of the larger grant project initiated by the Department of Public Works.

Live images will be used to assist in active investigations, policing and in facilitating arrests, with recorded images available for use as evidence in criminal prosecutions and for other legal purposes (e.g. cost recovery) to enhance the quality of life for those in the community, provide a more secure environment for law enforcement personnel, and the community at large.

Responses to the request for proposals on this project have been submitted and reviewed by City Staff. Based on the proposals received, and subsequent discussions with representatives from some of the proposing companies it is believed that 3E Group, Inc can complete this project within the budget provided to include data expenses necessary to operate the cameras during the five year grant period.

FISCAL IMPACT/FINANCING

On January 11, 2011, the Department of Public Works secured a grant award in the amount of \$456,500.00 from CalRecycle as a reimbursement grant to fund development of a pilot program as described in the grant application. The grant project included \$122,762.46 in funding for a surveillance camera system in support of the City's efforts to curtail illegal dumping. The grant requires the City's expenses be incurred no later than May 15, 2013.

The existing account for these purchases is: 286-8050-432.74-10

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CalRecycle grant requires the City's expenses be incurred by May 15, 2013. The RFP was the first step in the process for the "Portable Camera Surveillance and Monitoring System" project. Proposers seeking to respond to the RFP will be required to submit their proposals within an identified time frame, meeting the requirements established in the RFP. Responses to the Request For Proposals on this project have been submitted and reviewed by City Staff. This recommendation for award of contract is brought before the City Council to complete this project.

CONTRACTING PROCESS

Responses to the request for proposals on this project have been submitted and reviewed by City staff. Based on the proposals received, and subsequent discussions with representatives from some of the proposing companies, staff recommends 3E

RFP AWARD - "Public Safety Mobile and Surveillance Wireless Mesh Network"

April 15, 2013

Page 3 of 4

Group, Inc. be awarded this project. The 3E Group, Inc. proposal is within the grant budget for the project; includes data connectivity expenses necessary to operate the cameras during the five year grant period, and provides cameras compatible with our Public Safety Mobile and Surveillance Wireless Mesh Network project.

The Police Department shall not be deemed to have finally selected a Proposer until a contract has been successfully negotiated and signed by both parties (City). Staff requests the City Council authorize the City manager to sign such subsequent agreement with the vendor to complete the project in compliance with the grant requirements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Department of Public Works and the Police Department expect that this project will have a significant positive impact on our current services, public safety and the quality of life for those within our community.

CONCLUSION

Upon approval by City Council the recommended vendor for the "Portable Camera Surveillance and Monitoring System" project:

1. City staff shall negotiate a contract for services with the vendor along with the City Attorney for completion of the project.
2. When mutually agreed upon, the City Manager will be authorized to sign the agreement on behalf of the City of Huntington Park.
3. The Finance Department shall be authorized to issue the purchase order and make payment to vendors as necessary to meet grant deadlines.

Respectfully submitted,



RENÉ BOBADILLA
City Manager, P.E.



JORGE CISNEROS
Chief of Police

RFP AWARD - "Public Safety Mobile and Surveillance Wireless Mesh Network"

April 15, 2013

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ATTACHMENTS

Attachment A: Request For Proposal (RFP) for a Portable Camera Surveillance and Monitoring System

Attachment B: Proposal information provided by 3E Group, Inc. with updated cost estimate (#011113)

JC:NM:nm
Rfpaward.calrecycle

REQUEST FOR PROPOSALS

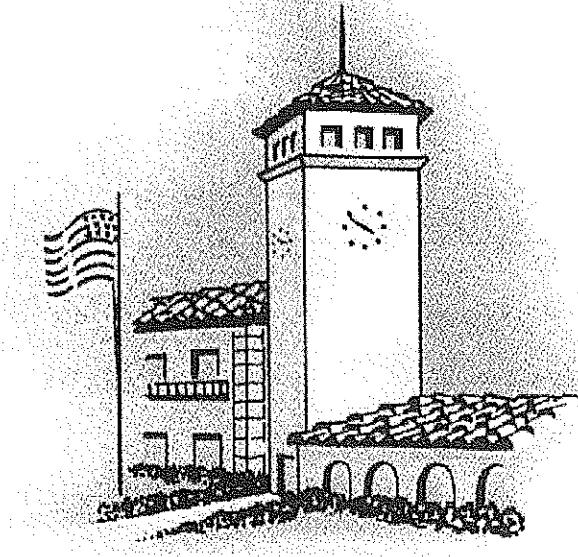
Portable Camera Surveillance and Monitoring Station System

Proposals Due by 2 p.m. on Thursday, March 21, 2013

Submit Proposals to:

**City of Huntington Park
City Clerk**

**Re: Proposal for Portable Camera Surveillance and Monitoring System
6550 Miles Avenue
Huntington Park, CA 90255**



**City of Huntington Park
Police Department**

**6542 Miles Avenue
Huntington Park, CA 90255
(323) 826-6691**

INTRODUCTION

The City of Huntington Park seeks an experienced and qualified camera surveillance system vendor to provide a Portable Camera Surveillance and Monitoring Station System including support services for camera surveillance at various locations within the City Huntington Park, which includes the following elements:

- Compatible with technology of Police Department project (Refer to RFP - Public Safety Mobile and Surveillance Wireless Mesh Network).
- Interoperable with future technology.
- (12) IP cameras for day and night operation outdoors.
- Internet Service Provider with unlimited 4 g data capability hardware and one year prepaid contract.
- (One/Two/Three) year software and hardware warranty including technical support included in initial purchase price. Optional extended warranties for software, hardware and technical support to extend to 5 years and beyond.
- Internet requirements at the recording locations require a minimum of 1 megabyte download speed *per camera*.
- Installation of wireless surveillance cameras at various locations

TIME SCHEDULE

February 28, 2013 RFP is released
March 14, 2013 Deadline to submit written inquiries about RFP
March 21, 2013 Proposals due
April 01, 2013 Contract awarded

SCOPE OF SERVICES

➤ REQUIRED SERVICES

The required services consist of assisting the city in planning and developing a complete surveillance system and to achieve all stated project elements. Also included in the required services are installation, configuration and staff support activities, to be carried out during the implementation phase of the project.

The required services described in this RFP are the minimum necessary to meet the city's objectives. The selected vendor is expected to expand on this scope in the proposal if necessary, incorporating their expertise and proposed method of approach.

PHASE 1: SITE SURVEY ANALYSIS

The surveillance system vendor shall:

- Meet with city staff to review its understanding of the project goals, requirements, and design parameters.
- Review project sites, existing equipment and other relevant information.
- Visit the project sites the number of times required to fully investigate and inventory existing conditions to identify opportunities, constraints and verify the presence of existing utilities, points of connection, orientations, sun and shade conditions, etc.
- Meet with city staff to obtain additional information and input from various city departments including, but not limited to Public Works Department, Information Technology representative

and the Police Department.

- Contact and coordinate with public and private utilities and Public Works Department as necessary.
- Perform survey work, as required to optimally install surveillance cameras.

PHASE 2: CONCEPTUAL DESIGN

The surveillance system vendor shall:

- Prepare a preliminary design conceptual plan for the project featuring all system requirements including preliminary cost estimates for each design concept.
- Meet with city staff for design review and city approval by City Engineer.
- Incorporate requested revisions by city staff.
- Prepare a final conceptual plan for the project along with final cost estimates. The final plan shall be submitted in PDF format.

PHASE 3: PROJECT IMPLEMENTATION

The surveillance system vendor shall:

- Proceed with design development by refining and further defining the elements of the plan.
- Meet with city staff to review final document submittals.
- Submittals of 100% complete plans and specifications. Plans and specifications must meet all applicable local, county, state and federal requirements. The bid package shall include bid alternatives which may be added to or deleted from the project depending on bid prices.
Documents to include:
 - Technical specifications responding to local conditions
 - Detailed cost estimate
 - Plan corrections as a result of plan review
 - PDF files of plans and specifications
- Implementation of approved plan.

REIMBURSABLE EXPENSES

Reimbursable expenses are in addition to the compensation for required services and shall be actual expenditures made by the surveillance system vendor in the interest of the project.

PROPOSAL FORMAT

The proposal is to consist of two parts submitted as a single package. Proposal documents should be unbound.

➤ Part A - Proposal

In Part A, the proposal should address, at a minimum, the following:

1. Company contact information, including name and title of lead contact person.
2. Executive summary which provides a broad understanding of the company's proposed approach to the project, in addition to a brief narrative about the firm's background, experience and qualifications as they relate to similar projects.
3. An estimated timeline which shows how much time each of the five phases in the scope of services will take to complete.
4. Identify the principal staff who will be assigned to this project and give a description of their responsibilities. Provide a list of additional staff who will work on this project and the percentage of each staff member's time that can be expected to be spent on this project.
5. Brief description of the firm's recent experience in providing similar services in the past three years. List project locations, brief description of project, and agency contact information.
6. Include a declaration of non-affiliation certifying that the consultant is not affiliated with, nor has any financial interest in, any manufacturer, distributor, supplier, or other company connected with the consultant's recommendations.
7. Identify any sub-consultants to be used on the project and how each will be used.
8. Submit evidence of insurance as set forth in the attached sample contract services agreement. Alternatively, submit a letter stating that adequate insurance can be provided prior to the contract execution.

➤ Part B - Fees

Part B is the fee information and must include the following:

1. A lump sum, not-to-exceed fee for each phase in the scope of services section of this RFP. Assume a total of five meetings with city staff during the design phase of the project and six site visits during the construction phase of the project.
2. An hourly rate schedule for each firm staff person who will work on the project.
3. An itemized list and estimated fees for reimbursable expenses.
4. An estimated fee for suggested additional services not covered in this RFP. These additional services will be reviewed on a case-by-case basis by the city.

SELECTION PROCESS

Proposals will be evaluated by city staff based on a combination of factors listed below. City staff will evaluate proposals to determine which firms demonstrate the best and highest qualifications to successfully perform the required services as described in this RFP. Based upon this evaluation, the city may choose at its option to invite one or more firms for an oral interview. The city reserves the right to reject any and all proposals received. Further the city reserves the right to waive any informality or irregularity in any proposal received to the extent allowed by law.

Selection criteria:

1. Firm's background and experience, particularly the range of experience in performing similar work .
2. Demonstrated success on previous projects, especially projects of similar scope and type.
3. Qualifications of key staff persons who will carry out the project.
4. Ability to meet the city's insurance requirements.
5. Reference recommendations.
6. Firm's approach to providing the required services (from executive summary).
7. Estimated time necessary to perform services stated in phases 1-3 of the scope of services.
8. Fees.

INSURANCE REQUIREMENTS

The surveillance system contractor shall provide insurance as set forth in the attached sample contract services agreement. Please note that the attached contract agreement is a sample only and specific terms are subject to change.

SUBMISSION OF PROPOSALS

Quantity – One original plus three copies, and (1) CD with electronic version of the proposal must be submitted. No faxed versions will be accepted. Envelopes must state the company name.

Deadline – Proposals *must be received* by the City Clerk's office by: **5 p.m. on Monday, March 21, 2013.**

Please remit the documents to (address envelopes exactly as follows):

City of Huntington Park

City Clerk

Re: Proposal for Portable Camera Surveillance and Monitoring Station System

6550 Miles Avenue

Huntington Park, CA 90255

INQUIRIES AND CONTACT INFORMATION

All requests for clarification or interpretation of the scope of services or terms and conditions in this RFP must be submitted in writing and e-mailed to: Neal Mongan, Administrative Lieutenant, nmongan@huntingtonparkpd.org no later than 4:00 p.m. on Thursday, March 14, 2013.

City of Huntington Park

6900 Bissell St. Huntington Park, CA 90255

Attn: County Clerk

Re: Proposal for Portable Camera Surveillance and Monitoring Station System
6550 Miles Avenue. Huntington Park CA, 92055

March 21, 2013

Presented by:

3E Group, Inc.

Contact: Brian Phelps, CEO

15500 Erwin St. #4010 Van Nuys, CA 91411
Office (818) 781-7171 Cell (818) 581 - 6261 Fax (818) 781-7911
www.3EGI.com

Executive Summary

3E Group, Inc. developed the Drop Camera Platform through years of experience with City Counsel, Police Departments and Industrial Customers. Conventional camera systems are hard wired to a single location and offer limited mobility. 3E Group, Inc. has combined several of the leading manufacturers to develop the Drop Camera Platform.

In conjunction with a team of experts, we have rigidly tested every aspect of its operation. Through these years of testing, 3E Group, Inc. has developed a versatile mobile platform that can be installed or removed within minutes. The 110V power is plugged in, the camera automatically connects to the internet and then connects to the NVR (Network Video Recorder) via the internet. Once connected the NVR starts recording events and the end user can interact.

In demonstrations with the Huntington Park Public Works department we have found that the Drop Camera has met and exceeded all expectations. License plates, facial images, and intricate details were displayed in playback, and provided perfect evidence for prosecution. Simple design upgrades include: Wireless Access Nodes, Two-Way Audio, Access Control, I/O triggering, Batteries, etc. Hyperlinks to the manufacturers and these products can be found at the end of this document.

Timeline

Purchase: Once purchase order is approved, the equipment is ordered and delivered within two weeks of project commencement.

Assembly: 3E Group, Inc. assembles the equipment in our assembly room and tests every operation. One week is required for assembly and testing of the Drop Camera Platform.

Delivery: 3E Group, Inc. delivers the equipment to the Police department and reviews the inventory in approximately one working day.

Training/integration: At the time of the delivery of the Drop Camera Platforms we will train the supervisors and review operation in approximately one working day.

Installation: 3E Group, Inc. installs 12 units at specified locations and assists in 110V connection. Provide access to each camera and deliver access codes for connection to the Police NVR. Installation will be one to two weeks, depending on 110V power installation (provided by others).

Follow through: One week after installation 3E Group, Inc. will review training and installation with Police Supervisors. Review any questions that may have developed. For the first year after the install 3E Group, Inc. provides a labor warranty on the Drop Camera Platform.

Principal Staff

- Brian Phelps, Project Manager, Level of involvement 100%.
- Craig Marsden, IT Director, Level of involvement 90%
- Arshak Kostanyan, IT Manager, Level of involvement 70%
- Andrew Grove, Site Supervisor, Level of involvement 50%
- Eugenio Sirri, Technical Specialists, Level of involvement 40%

Recent Experience

3E Group, Inc. has years of experience with wireless networks and camera systems for Police Departments, City Council and large industrial customers. The Drop Camera Platform was developed as an answer to locations that were inaccessible for wireless or hardwired systems. The Drop Camera Platform was integrated with wireless cellular technology and IP cameras that have only recently been developed for working seamlessly working together. Camera bandwidth throttles (like H.264) and ISP network speeds/limits able to handle the amount of data each camera requires have only recently been engineered within the last few years.

Please feel free to contact following references:

Alejandra Marroquin, Deputy Director Eric Garcetti's Office 323- 957-4500
Alan Berta, IT Consultant for Northeastern Division aberta@a37pc.com
William Murphy, Captain III, Northeastern Division 323-344-5701
Christina Dixon, Analyst, DPW City of Huntington Park 323-584-6323
Eric Ault, Sergeant, Huntington Park Police Department 323-584-6254
Michael Taylor, Director Alhambra Properties, 626-300-2211

Additional references upon request.

Declaration of Non Affiliation

3E Group, Inc. is not affiliated with any manufacturers, distributors, or suppliers that may have a financial interest in this project.

Sub Consultants

There are no sub-consultants used in this project.

3E Group, Inc.
15500 Erwin Street Suite 4010 Van Nuys, CA 91411
Office 818-781-7171 Mobile 818-581-6861 Fax 818-781-7911

March 18, 2013

City of Huntington Park Police Department
6542 Miles Avenue
Huntington Park, Ca 90255

Re: Request for Proposal- Portable Camera Surveillance and Monitoring Station System
Proof of Insurance

To Whom It May Concern:

Please see below our policy information for adequate coverage of any potential exposure of the job site responsibilities and requirements:

- Farmers Insurance Group – Workers Compensation Policy #A09330919
- State Farm Mutual Auto Insurance - AUTO Policy #262 8251-a10-75G
- State Farm Contractor General Liability – Policy 92-B2-C086-0

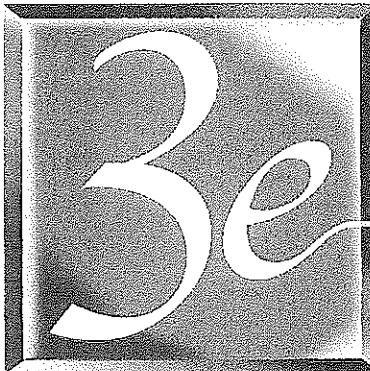
In closing, please feel free to contact us for the additional insured paperwork to satisfy all job requirements.

Sincerely,



Brian Phelps
President
3E Group, Inc.

BP/mr



3E GROUP

Low Voltage Contracting
 Ph: 818-581-6261 Fax: 818-781-7911
 15500 Erwin Street #4010 Van Nuys, CA 91411
 LIC#945925 WWW.3EGI.COM

Estimate

Date	Estimate #
01/07/2013	011113
Exp. Date	

Address

HPPD
 6542 Miles Ave.
 Huntington Park, Ca 90255

Date	Activity	Quantity	Rate	Amount
01/07/2013	Mobile Camera Project			
01/07/2013	Mobile Camera Platform PTZ (Including one year internet access)	12	6,996.00	83,952.00
01/07/2013	Two additional years internet access for sixteen mobile platforms (\$50/Mo. X 24Mo. X 12 Cameras)	1	14,400.00	14,400.00
01/07/2013	Mounting	1	250.00	250.00
01/07/2013	Pole installation included (alt. \$350 per location)	12	350.00	4,200.00
01/07/2013	110V Power at each location not included	1	0.00	0.00
01/07/2013	3E Group, Inc. one year limited labor warranty.	1	0.00	0.00
01/07/2013	Manufacturer warranty enforced			
01/07/2013	Estimate does not include recording or viewing equipment			
01/07/2013	Estimate does not include NVR Client Licenses			
01/07/2013	Manufacturer warranties included			
01/07/2013	3E Group, Inc. one year labor warranty.	1	0.00	0.00
01/07/2013	Terms: \$51,000 deposit, \$51,802 paid upon completion			

Notice:

Buyer has read and acknowledges the terms and conditions set-forth in the Construction Contract as specifically detailed on our company website.

Total

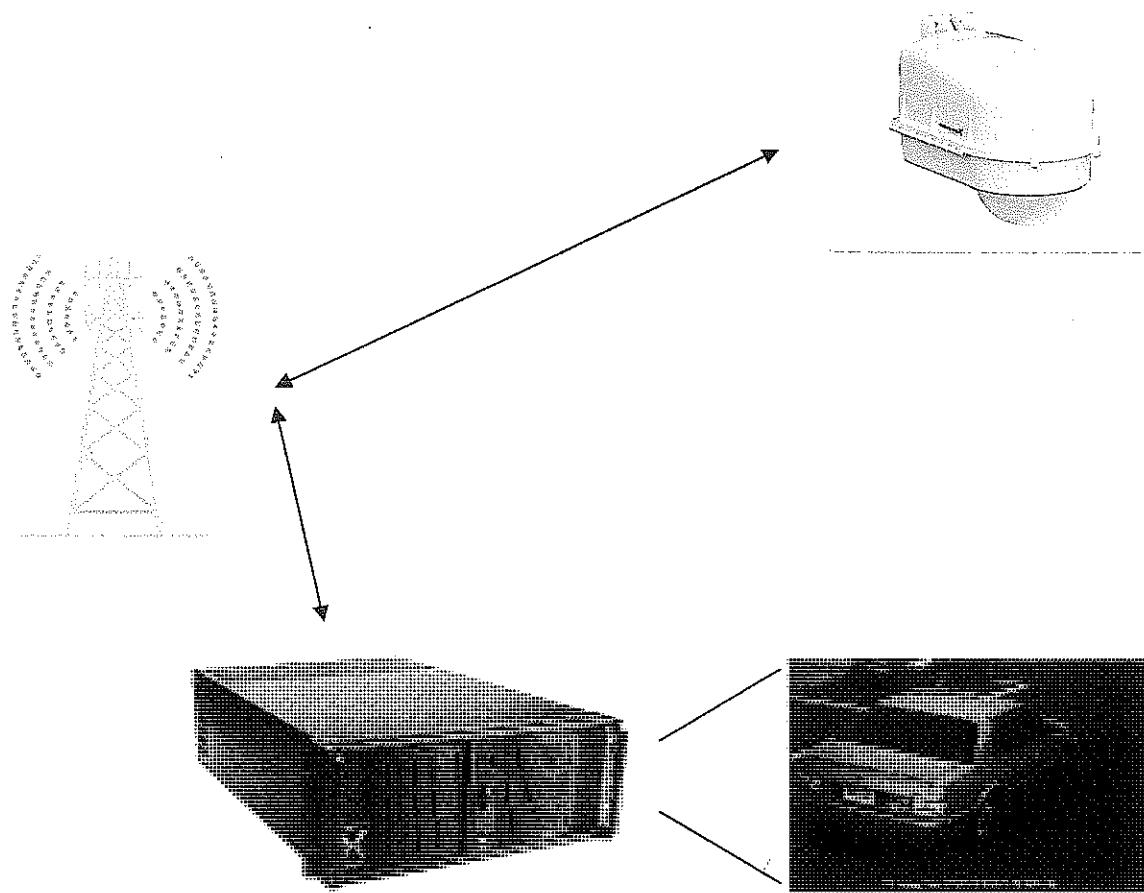
\$102,802.00

Accepted By

Accepted Date

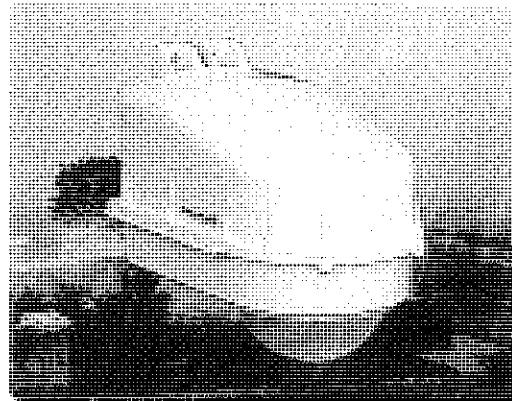
The Camera Location

The design is so versatile the platform can adapt as technology changes. Cameras and Bandwidth change quality or price almost every year. The Drop Camera Platform design can handle almost any camera on the market, and be modified to a wide array of other available products (motion sensors, wireless access, two-way communication, ect).



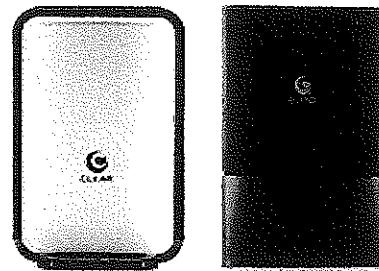
The current design integrates the best of qualified manufacturers below. If a fixed camera is needed instead of a pan Tilt Zoom (PTZ) camera, we can just change it out.

The Dotworkz enclosure (right) is the next generation of engineered long life, simple to install, IP66 Rated, no compromise, professional grade camera housing solution for today's surveillance video deployments that simply cannot afford failure or to be impeded due to heat, ice or vandalism. Non-corrosive, high-impact thermoplastic outer shell allows for extra room for CCTV/IP cameras, wireless radios, NVRs, 3G/4G routers, fiber converters can also be installed in a single airtight and temperature-controlled enclosure. MSRP \$879.00



SNC-ER580 PTZ Camera High-Quality 1080p HD PTZ. Excellent 1080p HD picture quality, supporting 30 fps at H.264 (1920 x 1080 maximum resolution). The "Exmor" CMOS sensor incorporated to realize high image quality and low noise. Powerful 20x optical zoom capability. MSRP \$4,159.00

Clear Wireless is one of the available Internet Service Providers available for this project (right). There is a onetime \$150.00 equipment cost and a monthly charge of \$50.00, which can be paid upfront every year. Clear was chosen because of their unlimited 4G data, capability, and agreeable contract terms. There are limitations to the Clear service which can be seen at www.clear.com/coverage year one cost \$750.00.



Misc parts to the current camera design:

Manufacturer	Description	Part Number	MSRP
Dotworkz	Vandal Resistant Dome	KT-CLNS-VT	\$102.00
Dotworkz	Mounting Bracket	BR-MPM1	\$62.00
Dotworkz	Internal Component Mounting Tray	BR-ACC1	\$39.00
Miscellaneous	Clamps, Wires, and Connectors		\$50.00
Total			\$253.00

Cost Breakdown

	Camera	MSRP
Dotworks Enclosure		\$ 879.00
Sony SNC-ER580 HD PTZ Camera		\$ 4,159.00
Clear Internet (Modem and One Year Service Prepaid)		\$ 750.00
Misc Parts		\$ 253.00
<u>Assembly and Configuration</u>		\$ 955.00
<u>Total Per Camera Cost</u>		\$ 6,996.00
Total Cost for Twelve Cameras and Internet for One Year		\$ 83,952.00

Alternate Below

Additional internet for twelve Clear modems for two addition years	\$ 14,400.00
Total Cost for Twelve Cameras and Internet for Three Years	\$ 98,352.00

Alternate Below

Additional Camera move after original install \$350. each

Alternate Below

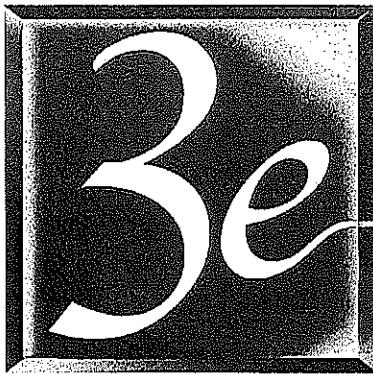
Technical Service Call is \$150.00 for the first hour
and \$85 for every additional hour. Shipping not included
for warranty parts repairs

Notes:

This estimate does not include recording equipment or viewing equipment.
This estimate does not include the internet at the recording location.
This estimate does not include NVR Client Licenses.
This estimate does not include constant 110V Power at locations.
All manufacturer warranties included.
3E Group, Inc. one year labor warranty included.

Appendix

<http://www.clear.com>
<http://www.dotworkz.com>
<http://pro.sony.com/bbsc/ssr/mkt-security/>



GROUP

Low Voltage Contracting
 Ph: 818-581-6261 Fax: 818-781-7911
 15500 Erwin Street #4010 Van Nuys, CA 91411
 LIC#945925 WWW.3EGI.COM

UPDATED
 4-10-13

Estimate

Date	Estimate #
01/07/2013	011113
Exp. Date	

Address

HPPD
 6542 Miles Ave.
 Huntington Park, Ca 90255

Date	Activity	Quantity	Rate	Amount
01/07/2013	Mobile Camera Project			
01/07/2013	Mobile Camera Platform PTZ (Including one year internet access)	10	6,996.00	69,960.00
01/07/2013	Four additional years internet access for ten mobile platforms (\$50/Mo. X 48 Mo. X 10 Cameras)	1	24,000.00	24,000.00
01/07/2013	Internet at the recording location provided by Charter Cable ((\\$109 Start up and \\$115 monthly)(50 down and 5 up for 5 Years))	61	115.00	7,015.00
01/07/2013	NVR with 10 TB of storage	1	9,737.00	9,737.00
01/07/2013	Client Licenses	10	150.00	1,500.00
01/07/2013	Mounting	10	250.00	2,500.00
01/07/2013	Pole installation and preventive maintenance over five years	23	350.00	8,050.00
01/07/2013	110V Power at each location not included	1	0.00	0.00
01/07/2013	3E Group, Inc. one year limited labor warranty.	1	0.00	0.00
01/07/2013	Manufacturer warranties included			

Notice:

Buyer has read and acknowledges the terms and conditions set-forth in the Construction Contract as specifically detailed on our company website.

Total

\$122,762.00

Accepted By

Accepted Date

3E Group, Inc.

Low Voltage Contracting and Technical Support

15500 Erwin St. Suite 4010

Van Nuys, CA 91411

ph: (818) 581 - 6261

fax: (818) 781 - 7911

bp@3egi.com

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Terms and Conditions

Construction Contract

This CONSTRUCTION CONTRACT ("AGREEMENT") is entered between 3E GROUP ("CONTRACTOR"), and CUSTOMER or Owner ("Customer"). All work specified below shall be performed by the CONTRACTOR in accordance with all the provisions of the AGREEMENT, including General Provisions provided below. This AGREEMENT shall be composed of the following documents which shall be made a part hereof as though duly set forth herein:

This AGREEMENT, including all of the exhibits set forth below, Instructions provided to the Contractor, Drawings and Specifications, and any and all amendments, modifications, invoices, estimates, supplements and appendices thereto (collectively, the "CONTRACT DOCUMENTS"), all of which are on file in the CONTRACTOR's office. Each of the parties hereto agrees to carry out and fully perform each and all of the provisions of said documents, which are required of it to be performed thereunder. It shall be understood by the CONTRACTOR and the CUSTOMER that its bid/proposal is meant or intended to be binding into this AGREEMENT.

1. **WORK TO BE PERFORMED:** Except as specified elsewhere in this AGREEMENT, CONTRACTOR shall furnish all required labors, materials, supplies, equipment, transportation, supervision, technical, professional, and other services, and shall perform all operations necessary and required per contract documents and estimate. All required inspections must be approved for performance to be satisfied.

2. **COMPENSATION:** As full consideration for the satisfactory performance by CONTRACTOR of this AGREEMENT, CUSTOMER shall pay to CONTRACTOR the amount(s) specified.

PAYMENT TERMS: CONTRACTOR may request an on-site inspection of all work accomplished from CUSTOMER prior to submitting an invoice for progress payment or final payment. Inspection results shall determine the percentage of completion. All requests for payment shall be submitted on CONTRACTOR's invoice. CONTRACTORS' invoice shall include all estimates, invoices, and change orders approved by CUSTOMER.

Customer shall make payment no later than thirty (30) days after the receipt of the invoice from the CONTRACTOR. A preliminary lien will be filed on all projects over \$2000.00 on the date of approval. A lien on the property will be filed at 32 days after invoice date. 80 days after invoice date the small claims suit will be filed. A ten percent (10%) per month late charge will be applied for all payments made past 60 days.

TOTAL CONTRACT AMOUNT: SPECIFIED ON ESTIMATE

COMPLIANCE: To the extent that they apply to the work to be performed by CONTRACTOR under this AGREEMENT, the provisions of the CONTRACT DOCUMENTS shall be incorporated into this AGREEMENT with the same force and effect as though set forth herein in full. CONTRACTOR shall be bound to CUSTOMER and CUSTOMER to CONTRACTOR by all terms and provisions of this contract.

If a conflict occurs between the CONTRACTOR and the CUSTOMER; this CONTRACT shall control. CONTRACTOR shall keep the CUSTOMER fully informed of the progress of the work under the contract. CONTRACTOR shall diligently start and complete all work identified and described in this AGREEMENT. Execution of this AGREEMENT by the CONTRACTOR, acknowledges agreement to work at job site continuously, without delay from start to completion. Any deviation from the Schedule must be approved in advance by the Project Manager/Contractor identified above. Project Schedules are naturally dynamic and changes to Baseline Schedules are made as necessary. Per this AGREEMENT, CONTRACTOR is to fulfill and adhere to the proposed schedule and shall be responsible to coordinate the work with its employees, agents, vendors and other subcontractors so that there will be no delay to or interference with other work on the project. Failure to perform to the durations and logical sequencing provided in the Baseline Schedule shall be deemed as a violation of this AGREEMENT.

CONTRACTOR expressly understands that the failure by one subcontractor can cause damages to all other contractors and the contract in general. In the event CUSTOMER fails to comply with any requirement of this Section and CONTRACTOR incurs loss or damage because of delay or disruption or becomes liable for damages because of delay in completing the project, CUSTOMER shall reimburse CONTRACTOR for the portion of the loss, damage, or liability incurred by CONTRACTOR in connection with the project as may be attributable to CONTRACTOR's delay or lack of coordination in performance.

Project Completion Date is TBD.

GENERAL PROVISIONS

3. **DEFINITION OF SCOPE OF WORK:** Wherein the scope of work under this AGREEMENT bears the words "per plans and specification," the definition of said words shall mean that CONTRACTOR shall complete every and all work as shown, indicated or described on the applicable plans and specifications as listed on the scope of work of this AGREEMENT by the estimate. The description of the work to be performed or material to be furnished by CONTRACTOR by reference to a section or sections of the drawings, plans and/or specifications shall limit CONTRACTOR's obligation to perform work or furnish materials as are described therein. Only work or material that is within the general description of the section of sections is required of the CONTRACTOR by trade practice or by

any other provision of section of the drawings, plans and/or specifications.

4. **CHANGE ORDER:** CUSTOMER hereby agrees that change orders allowable and payable under this AGREEMENT shall be those changes made and issued in writing or verbally by the CUSTOMER. Change orders could also be requested by CONTRACTOR in writing to the CONTRACTOR where it will be approved if justified and at the sole discretion of the CUSTOMER. These changes, once approved, will be considered as a change order to the contract and tracked as an Approved Change Order.

5. **TERMINATION**

TERMINATION BY CONTRACTOR: CONTRACTOR may terminate this AGREEMENT at any time for the reason of unavoidable problems to CONTRACTOR.

1. Cost of work accomplished/incurred at time of termination shall be identified in writing and submitted to CUSTOMER for consideration no later than five (5) working days. Payment shall only be paid for work actually accomplished or materials utilized. CUSTOMER understands there may be restocking fees

2. **TERMINATION BY DEFAULT:** In the event this AGREEMENT is terminated due to default of CUSTOMER or CONTRACTOR including breach of contract, financial disability, bankruptcy, labor strike, sabotage, disputes, non-payment for material or wage, shortage of material, unreasonable delay of work, poor workmanship, or any other causes judged by CUSTOMER or CONTRACTOR which are likely to jeopardize timely completion of the project, CONTRACTOR shall, at its own discretion, reserve the right to withhold all work at the time of termination. All materials or equipment delivered to the CUSTOMER and the cost thereof shall be added to the invoice, and paid immediately

6. **WORKING HOURS:** The CONTRACTOR shall work the same hours as those designated by the OWNER for the location where work is being accomplished. If no hours are designated, working hours shall be from 7:00 A.M. to 4:00 P.M., eight (8) hours per day, with a one-hour lunch period. These hours are subject to change at CONTRACTOR'S discretion. Overtime work requests shall be submitted to the CUSTOMER according to guidelines provided by the CONTRACTOR.

7. **MATERIALS, SUBMITTALS, AND WORKMANSHIP:** All materials utilized shall be designated in the plans and specifications or as designated by the CONTRACTOR. Work shall be state of the art meaning union quality or better for each craft category. All work shall be in accordance with all local, county, state, and/or federal codes. CONTRACTOR shall prepare upon customer request and submit shop drawings in a timely manner as required by CUSTOMER and the CONTRACT DOCUMENTS. CONTRACTOR will comply with the requirements of the CONTRACT DOCUMENTS, plans and specifications. CUSTOMER's approval of product submittals will not excuse the CONTRACTOR for deviating from CONTRACTOR DOCUMENTS without clearly and explicitly disclosing the particular portions of the submittals that deviate from the CONTRACT DOCUMENTS.

8. **INDEMNIFICATION:** CUSTOMER shall defend, indemnify and hold OWNER and CONTRACTOR, and their respective officers, agents and/or employees of them harmless from any and all claims, suits, acts, omissions or causes for bodily injury, or property loss or damage, arising out of or in anyway connected with, or alleged to be arising out of or connected with the work for which this AGREEMENT pertains or CONTRACTOR's operations performance or nonperformance of this

AGREEMENT.

Bodily injury expressly includes, without limitation, bodily injury to any person, emotional distress, death and/or loss of consortium. The duties set forth herein shall be owed to the full extent allowed by law and regardless of any alleged or actual negligence, willfull misconduct., negligent conduct or liability or fault on the part of the CUSTOMER or CONTRACTOR, whether vicarious, direct, active, passive or concurrent, save and except that a duty to defend only, and no duty of indemnity, shall arise should it be finally adjudicated by a forum of competent jurisdiction that the said bodily injury, or property damage arises from the sole and exclusive negligence or willful misconduct of CUSTOMER or its respective officers or employees. The duty of defense created hereunder is subject only to the tender by OWNER and/or CONTRACTOR to the CUSTOMER of a claim, which, in whole or in part, comes within the scope of this provision. Thereafter, CUSTOMER shall pay promptly when due and as incurred all attorney's fees and costs generated in the defense of OWNER and/or CONTRACTOR, as to the entire action and including bonds and costs of appeal. No obligation of CONTRACTOR to OWNER or CUSTOMER shall be lessened, reduced, delayed or affected by the existence of other potential or actual indemniters or insurers, or by CONTRACTOR's rights against any third party to contribution, subrogation or proportion.

9. **LICENSE:** CONTRACTOR warrants that it has all valid licenses as required in the state (s) where work is to be performed.

10. **PERMITS:** CONTRACTOR shall be responsible for obtaining all applicable permits required by local, county, state, and federal authorities. The cost of obtaining permits shall be paid solely by CUSTOMER in the invoice.

11. **TAXES:** CONTRACTOR shall be responsible for payment of any and all taxes levied by government agencies that are applicable to CONTRACTOR. Contract price assumes all applicable sales taxes are included in contract amount. It is the CONTRACTOR's responsibility to verify sales taxes are included in contract amount CONTRACTOR further agrees to pay all taxes, licenses, and fees of every nature that may be imposed or charged by any governmental authority on labor, material, or other things used by CONTRACTOR

in performing the work or on the transaction between CONTRACTOR and CUSTOMER.

12. **BOND REQUIREMENTS:** CONTRACTOR shall furnish, upon CUSTOMERS' written request, a corporate surety bond written by a surety company, authorized to write surety business in California (or in the state in which the work is being performed, as the case may be), to guarantee the faithful performance of this AGREEMENT and the payment for all work and materials furnished under this AGREEMENT. The bond shall be in an amount required by CUSTOMER but shall not exceed the full amount of this AGREEMENT. CUSTOMER shall pay for the surety bond if its premium does not exceed standard rates. CONTRACTOR shall include the premium of that bond in its invoice price.

13. **CONTRACTOR INVESTIGATIONS:** CONTRACTOR shall be responsible for thoroughly examining all drawings and specifications and examining the jobsite and ascertaining the conditions for itself. CONTRACTOR is responsible for determining the correctness of all measurements and physically making field measurements in advance. CONTRACTOR enters into this AGREEMENT relying on its own information and investigation and statements or representations that may have been made by CUSTOMER, OWNER, architect., or engineer. Unseen circumstances and Error(s) on plans and specifications should be reported to the CONTRACTOR at the earliest possible date.

14. **WARRANTY; GUARANTY OF WORK;** Contractor warrants and represents that the installation shall be free from defects in workmanship arising from normal usage for a period of one (1) year from installation, unless a longer period is specified by CONTRACT DOCUMENTS.

On CUSTOMER'S notification, CONTRACTOR shall promptly investigate the appearance or discovery of defect. Contractor shall either repair or replace the defective equipment and reinstall said equipment depending if it is a billable or warranty service call.

Examples of billable and warranty service calls.

1. Manufacturer defective equipment: A billable service call.
- b. Customer damages system: A billable service call.
- c. Improper installation by 3E Group, Inc. The warranty service call will be preformed and the fee waived.

All equipment provided is subject to the Manufacturers' warranty.

3E Group, Inc. is not responsible for existing equipment, or the condition there of. If the system fails during the course of service, the cost of repair is not included.

If CONTRACTOR fails to make necessary repairs and replacements promptly, OWNER or CUSTOMER may, at OWNER's or CUSTOMERS' expense, furnish necessary materials or labor.

Contractor is not responsible for: floods, fires, electricity, internet, internet usage, neglect, weather, wireless reception, existing equipment, existing wiring, labor disputes, sunspots, planetary alignment, access, inherit tectonic magnetism, ambient atmospheric radio waves, power lines, vandalism, any phone company, 3rd party equipment, incompetence, changes of law, satellite reception, computers, computer components, acts of god or any other unforeseen incident that will impact this AGREEMENT.

15. **SUPERINTENDENT:** CONTRACTOR shall at all times have a competent superintendent on the jobsite who can communicate with the Project Manager on all phases of the job scope and who shall be authorized to receive instructions from CONTRACTOR and make such decisions as may be necessary for the prompt and efficient performance of this AGREEMENT.

16. **FEDERAL TAX NUMBER:** If payment is to be made to other than an individual, a Federal Tax Number is required. If an individual number is being used for company business, then a Fictitious Business Name statement must be provided prior to payment being made by the CUSTOMER.

17. **RECORD "AS-BUILT" DRAWINGS:** CONTRACTOR shall record all deviations to drawings provided by CUSTOMER and, if requested in writing, provide same to CUSTOMER upon completion of work with all deviations noted on drawings. If no drawings are provided, the CONTRACTOR is responsible for providing shop drawings to CUSTOMER.

18. **GOVERNMENT CONTRACTS:** If this AGREEMENT is directly or indirectly connected with the performance of a prime contract with the government or a subcontract thereunder, the terms of the Armed Services Procurement Regulation or other appropriate regulations required to be inserted in contracts or subcontracts will be

deemed to apply to this AGREEMENT and shall be deemed incorporated herein. For federal contracts in military bases, Buy American Clause shall apply and shall be deemed incorporated herein.

19. **CLEAN-UP PROTECTION OF WORK AND PROPERTY:** CONTRACTOR shall be responsible for cleaning and removal of disposable items from job site at the close of business each work day. In the event the daily cleaning is not carried out by CONTRACTOR, the cleaning will be performed by any third party and the cost thereof shall be deducted from this AGREEMENT. On completion of its work, CONTRACTOR shall promptly remove all rubbish, debris, surplus material, tools, scaffolding, and equipment from the jobsite, and the premises shall be left "broom-clean" or its equivalent unless cleanup is more exactly specified.

CONTRACTOR shall protect its work and be responsible in for its good condition until final acceptance of the entire project. CONTRACTOR shall also protect adjacent property from injury arising from its work. CUSTOMER is responsible for theft, vandalism, malicious acts and general security of the work site. The CUSTOMER is responsible for all materials or equipment that is damaged or destroyed

20. **LIQUIDATED DAMAGES:** Liquidated damages will be assessed on CUSTOMER at the rate of \$500 for each calendar day of delay starting on the first day following the expiration of the contract completion period as set forth in this AGREEMENT until the final acceptance of the contracted work by the CUSTOMER and/or by the CONTRACTOR. Ex. (If we show up and they say that they are not ready, we lose a day of work).

21. **SAFETY:** CONTRACTOR shall strictly adhere to all applicable federal, state, local and any other legally required safety and health standards, requirements, regulations and guidelines. CONTRACTOR, or any agency that has jurisdiction for safety compliance and oversight. If CONTRACTOR, or its employees, contractors, or their employees, fail to comply, CUSTOMER may give notice of default to CONTRACTOR, and CONTRACTOR shall correct improper conditions within 24 hours after CUSTOMER issues a written notice of noncompliance or within the time of an abatement period specified by any government agency, whichever period is shorter. CONTRACTOR's failure to cure the default within 24 hours after notice shall give CUSTOMER the right to terminate under Article 6, or perform or have performed such portion of the work or may furnish any material, equipment, or other item required as CONTRACTOR in its sole discretion may deem necessary to avoid noncompliance with any applicable safety or health laws. The cost of materials, equipment, or other items shall be deducted from the contract price, and if the cost of such work or materials or other items exceeds the balance, the excess shall be immediately due and owing from CONTRACTOR.

22. **BACK CHARGES:** CUSTOMER shall deduct from the contract price any cost for the work undone by CONTRACTOR therefore performed by CONTRACTOR and/or any third party designated by CONTRACTOR. The back charges shall include for materials, labor, equipment and any other associated costs as may be required for accomplishing the work to ensure the project is completed on schedule. CONTRACTOR shall be notified prior to CUSTOMER's intention to provide resources that would result in back charges. Such notice of back charges shall be construed as if fully agreed to by CONTRACTOR. The dollar amount of the back charges shall be the same amount actually incurred to complete said undone work and the same shall be conditionally deducted from the contract. Delays to the schedule leading to overtime work of other trades and re-work required of other trades shall be back charged to the CUSTOMER.

23. **TESTING:** Each and all testing pertaining to subcontracted work shall be performed by CONTRACTOR as required by the project plans and specifications unless specifically excluded in

writing from this AGREEMENT. All testing costs are deemed to have been included in the contract amount therefore shall be paid by CONTRACTOR.

24. **SPECIAL PROVISIONS:** Notwithstanding any other provisions elsewhere in this AGREEMENT, these special provisions shall supersede all previous agreement, oral or in writing, correspondences or any other notes by and between the parties hereto including the cost proposals previously submitted by CONTRACTOR for this AGREEMENT. CUSTOMER hereby exclusively agrees that the payments to CONTRACTOR under this AGREEMENT shall be based solely on the scope of work set forth in this AGREEMENT and that in no case shall the excluded items shown on the previous cost break-down or cost proposals from the CONTRACTOR be deemed to have been excluded from this AGREEMENT unless such excluded items were specifically accepted by CONTRACTOR in writing at the time of entering into this AGREEMENT. CONTRACTOR further hereby agrees that aforementioned previous cost proposal have been deleted and became null and void in its entirety, therefore the same shall not constitute a part of this AGREEMENT.

25. **DISPUTE RESOLUTION:** All claims disputes or controversies arising out of, or in relation to interpretation, application or enforcement of this AGREEMENT shall be fully and finally resolved through binding arbitration with the sole and exclusive Services of the respected, Judicate West, located at 1851 E. 1st Street, Suite 1450, Santa Ana, CA 92705. Telephone (800) 488-8805, Director Var Fox, who is herein authorized to select the Mediator or Arbitrator, splitting all fees and costs equally, between the disputing parties. The decision of the Arbitrator shall be final, binding and enforceable as a judgment in any court of competent jurisdiction and the parties agree that there shall be no appeal from the Arbitrator's decision. With the exception of the exchange of documents, there shall be no interrogatories, depositions or other discovery between the parties. The laws of the State of California shall control the validity, construction and interpretation of this AGREEMENT excluding any conflicts of laws principles, which would direct the substantive law of another jurisdiction to apply. Arbitration shall take place in Los Angeles, California regardless of where the materials, equipment, and or services are contracted from. Notwithstanding the foregoing, if the contract between CUSTOMER and the CONTRACTOR contains an arbitration provision, arbitration shall be held in accordance with that provision.

26. **GOVERNMENT CONTRACTS:** If the Goods are for use in a U.S. Government contract or subcontract, all applicable FAR and DF AR provisions in their current form shall apply and be deemed incorporated herein including but not limited to the following: 52.204~2 (Security Requirements), 52.211~5 (Material Requirements).

27. **Compliance with Laws.** Contractor shall comply with all applicable federal, state and local laws and regulations. Contractor agrees to be responsible for obtaining all necessary permits and obtaining any necessary consents required for the prosecution of the work contemplated under this Agreement.

28. **Acceptance:** By approving the estimate, in writing or orally, the customer is bound by the conditions set forth in this Agreement.

Brian Phelps

President

3E Group, Inc.

bp@3egi.com

(818) 581 - 6261

The construction contract was developed to protect the customer and 3E Group, Inc. mutually.

Coupon Disclaimer:

Limit one per customer.

Non-transferable.

Void where prohibited.

Tax and shipping not included in calculating of purchase.

No cash/credit back available on coupon.

All sales are final.

All discounts require owners' approval.

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15500 Erwin St. Suite 4010

Van Nuys, CA 91411

ph: (818) 581 - 6261

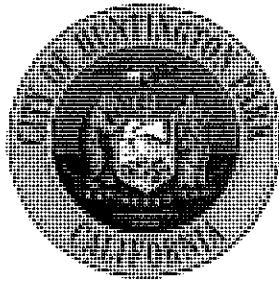
fax: (818) 781 - 7911

bp@3egi.com

close



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CITY OF HUNTINGTON PARK

Public Works Department
City Council Agenda Report

April 15, 2013

Honorable Mayor and Members of the City Council
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Mayor and Members of the City Council:

WELL NO. 17 HIGH NITRATE CONCENTRATION

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Receive and file the report by City staff regarding the high nitrate concentration at Well No. 17.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Well No. 17 is the City's northernmost water well located at the southeast corner of Miles Avenue and Slauson Avenue, adjacent to Huntington Park High School. It is one of the City's older wells originally drilled in 1939 and, with few exceptions, records indicate it has been a reliable water source without water quality issues up until the 1990s.

In 2000, high levels of Carbon Tetrachloride (CTC) were detected and two 12-foot diameter granular activated carbon (GAC) filtration vessels were installed for treatment funded by a grant from the Water Replenishment District (WRD). The California Department of Public Health (CDPH) approved the installation and the well was returned to service in August 2001. However, due to the high cost of periodic replacement of the GAC media the well extraction flow rate was reduced to prolong the life of the GAC.

In 2009, the City received another grant from WRD to add two additional GAC treatment vessels in order to maximize the extraction flow rate of the well while maintaining an economical lifespan of the GAC media. The vessels were installed in August 2009 and the City applied for a permit amendment with CDPH for the new system configuration. During the permit amendment process, water quality tests identified a high nitrate

WELL NO. 17 HIGH NITRATE CONCENTRATION

April 15, 2013

Page 2 of 4

concentration and CDPH notified the City that Well No. 17 was to remain out of service until nitrate treatment was installed (Attachment 1).

Due to limited funds, the City decided to take interim measures to keep the well out of service until funding for the nitrate treatment became available. The temporary operational measures that were implemented and continue include:

1. **GAC Non-operation Mode:** The four GAC treatment vessels contain several hundred thousand dollars of GAC media that requires periodic maintenance. Per manufacturer recommendations if the GAC is shutdown for a period of more than 48 hours the GAC needs to be backwashed monthly.
2. **Well Casing Maintenance:** The well casing develops bacteriological buildup if the well water remains stagnant in the casing.
3. **Well Equipment Maintenance:** The well electrical and mechanical equipment requires periodic exercise in order to maintain it in good working condition and to prevent moving components from ceasing due to corrosion and lack of operation.
4. **Title 22 Water Quality Sampling:** As a condition of the City's Domestic Water Supply Operating Permit the City is required to take monthly water quality samples and test them for nitrate and Title 22 pollutants which consist of a suite of 34 regulated organic compounds. This monthly sampling and testing is mandatory and the City may not stop doing so without being subject to an enforcement order from CDPH. The sampling continues to indicate that water from Well 17 exceeds allowable maximum contaminant limits (MCLs) for carbon tetrachloride (the compound removed by the GAC treatment) and that nitrate concentration averages about 80% of the allowable MCL. However, because the nitrate concentrations exceed the detection limits for purposes of reporting, CDPH believes there is a significant peaking potential that will cause the nitrate levels to exceed the MCL for nitrates and is requiring a program to address nitrate prior to allowing the well to be returned to service.

Therefore, the well must be operated periodically to prevent deterioration of the well components while it remains temporarily out of service. Lack of periodic operation will result in significant and expensive additional repairs when the well is returned to service following the installation of nitrate treatment systems. The waste water from the periodic operation is prohibited by CDPH from mixing with the water system and the well remains physically isolated from the water system. The waste water must be discharged to the storm drain system. Use of the waste water for other purposes requires approval by other state agencies and would require expensive transportation via tanker truck.

The City is currently in the process of closing out Project No. 10-005B-1 that consisted of the internal rehabilitation of the 4 million gallon East Reservoir for Well No. 17. Some punchlist items remained incomplete and prevented the closeout of the contract and

WELL NO. 17 HIGH NITRATE CONCENTRATION

April 15, 2013

Page 3 of 4

final payment. On February 26, 2012, the City Engineer met with the contractor on site to verify the incomplete punchlist items. The contractor is in the process of scheduling the repairs and the reservoir remains empty to allow the repairs to be completed. Therefore, the well has not been operated since February 26 and will not be operated until the repairs are completed.

FISCAL IMPACT/FINANCING

There will be no impact to the General Fund as a result of this action. The operation and capital improvements for the water system are funded entirely from the Water Enterprise Fund.

The scope of the repairs and capital improvements required to the facilities at Well No. 17 that would reduce the nitrate concentration below the allowable threshold concentration have not yet been determined. Funding for the necessary engineering studies required to identify the required and most economical treatment system(s), obtain CPDH approval of the recommended treatment, complete the engineered contract documents, and construct the improvements is not available at this time. Funding for this project will be considered in the 2013-2014 Budget and staff will continue to identify grant opportunities for the project.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Public water systems supplying potable water are regulated under permit by the California Department of Public Health (CDPH) Division of Drinking Water and Environmental Management. The City's water system is permitted under System No. 1910049. The permit requires periodic testing and reporting of water quality in order to ensure the system's drinking water quality meets all the required rules and regulation and is safe for consumption.

Deficiencies such as the nitrate concentration at Well No. 17 are monitored closely by CDPH and the use of the water from deficient systems is strictly prohibited until a permit amendment is approved for any system modifications and/or improvements required to correct the problem. The necessary modifications and improvements can be implemented only after the approval of the permit amendment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The water system continues to operate and provide an adequate water supply with Well No. 17 out of service. The system is currently drawing water supply solely from pumping using the remaining water wells and reservoirs. Water demand is currently being met with no imported water from the Metropolitan Water District (MWD) interconnection. The MWD interconnection remains fully functional and on standby as a secondary water source. Assuming no other facilities are required to be taken out of service, it is

WELL NO. 17 HIGH NITRATE CONCENTRATION

April 15, 2013

Page 4 of 4

anticipated that the water system will continue to provide an adequate water supply up to and exceeding the City's adjudicated annual volume of water, 3,853 acre-feet.

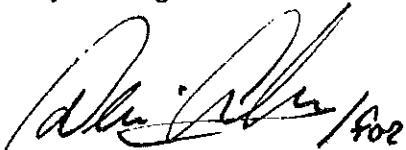
CONCLUSION

This item is a receive and file report by City staff regarding the high nitrate concentration in the water extracted from Well No. 17 and the resulting California Department of Public Health (CDPH) imposed restrictions on the operation of the well as potable water source. Staff will provide updates to the City Council and community as information becomes available and as the City determines the course of action that will be taken to resolve the problem.

Respectfully submitted,



RENÉ BOBADILLA, P.E.
City Manager



JAMES A. ENRIQUEZ, P.E.
Director of Public Works / City Engineer

Attachments:

- A. Department of Health Services, High Nitrate Concentration in Well 17

State of California—Health and Human Services Agency
Department of Health Services



California
Department of
Health Services

SANDRA SHEWRY
Director

ARNOLD SCHWARZENEGGER
Governor

September 23, 2009

Mr. Jim Williams
Facility Manager
City of Huntington Park Water Department
6900 Bissell Street
Huntington Park, CA 90255

Dear Mr. Williams:

SYSTEM NO. 1910049— HIGH NITRATE CONCENTRATION IN WELL 17

The purpose of this letter is to provide you with the GAC initial start-up test data, and to inform you the Department has concluded that the City must not operate Well 17 without providing nitrate treatment.

Nitrate concentration in Well 17 fluctuated and varied from lower 20 to 59.0 mg/L. The maximum contaminant level (MCL) for nitrate is 45 mg/L. The highest nitrate concentration, 59.0 mg/L, was detected in a sample collected from the well on January 15, 2009. Samples collected after January 15, 2009 and prior to the issuance of Permit Amendment 1910049PA-001 on July 31, 2009 had nitrate concentrations ranging from 37 to 41 mg/L. Due to the detection of high nitrate levels in the months preceding the issuance of Permit Amendment 1910049PA-001, the Department has concerns that nitrate peaking after GAC system start up, including startup after GAC replacement and startup after the system being removed from service, could cause the combined GAC effluent to exceed the nitrate MCL. A meeting was held on July 9, 2009 at the City Hall to discuss the high nitrate concentration in Well 17. Participants to the meeting included representatives from the City, SouthWest Water Company (SWWC), and the Department. SWWC operates the City's water system under a contract with the City.

During the meeting, representatives from SWWC explained that historically, the higher nitrate concentrations were detected only after Well 17 had been removed from service for a period of time. Well 17 had been removed from service since December 2008 to accommodate the construction activities for the addition of two new GAC vessels. SWWC strongly believed nitrate concentration in the well would reduce after Well 17 is placed back into service. Representatives from SWWC further stated that due to the limitation of the City's treatment facility configurations, manpower, and discharge limitation, the City could not discharge the treated water to waste until either nitrate concentration in the well decreases or nitrate concentration in the GAC effluent passes



Do your part to help California save energy. To learn more about saving energy, visit the following web site:
www.consumerenergycenter.org/flex/index.html

Southern California Drinking Water Field Operations Branch, Los Angeles Region

1449 West Temple St., Room 202, Los Angeles, CA 90026

Telephone: (213)580-5723 Fax: (213)580-5711

Internet Address: www.dhs.ca.gov/ps/ddwem/

Mr. Jim Williams
Page 2
September 23, 2009

the peak and stays below the MCL during the initial start up period. The City cannot operate the treatment facility continuously and frequent re-start up is expected. With the assumption that nitrate concentration in the well will soon be reduced after the well starts pumping, it was determined during the meeting that the City would conduct a start up test to learn more about the nitrate peaking behavior of the expanded GAC treatment system. The City would isolate a reservoir to store water produced during the initial start-up. The City would not release the water to the distribution system until the test result of a sample collected from the isolated reservoir at the end of start-up test confirmed that water stored in reservoir meets nitrate MCL. The Department worked with SWWC and developed a testing protocol. Permit Amendment 1910049PA-001 specifically requires the City to modify its operation procedures and monitoring program for GAC treatment system start-up and revise the Operation, Maintenance and Monitoring (OMM) Plan accordingly.

On August 17, 2009 the City initiated the operation of Well 17 and the start-up test. The well and the expanded GAC treatment system were turned on at 4:00 pm on August 17, 2009, and then turned off after 4:00 pm on August 18, 2009. With the help from Mr. Kun Cheng, Sanitary Engineer with the Department, the City collected a total of 7 nitrate samples from Well 17, 12 samples from the GAC combined effluent, and 1 sample from the East Reservoir effluent on August 17 and 18, 2009. These samples were delivered to the Department's Sanitation and Radiation Laboratory for analysis. All the samples collected from the Well 17 had nitrate level over 40 mg/L (41.3 mg/L to 43.3 mg/L). The nitrate adsorption capacity of the GAC appeared to be higher than estimated. At 24 hours into operation, nitrate concentration at the combine GAC effluent was only 32.4 mg/L and did not reach the saturation as expected. At Hour 24, nitrate concentration in the East Reservoir Effluent was 28.3 mg/L.

As the City encountered other system operation issues, the City did not resume the test on Day 3 as planned. The restart test did not occur until August 31, 2009. Reportedly, the City pumped the well for approximately 15 to 20 minutes each day to flush the GAC vessels and the treated water was also stored in the East Reservoir. Prior to restarting the test, the City drained the water stored in the East Reservoir and filled East Reservoir with 1.5 MG system water (nitrate concentrations in the City's other wells are below the DLR of 2 mg/L).

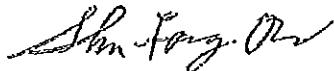
On August 31, 2009, Mr. Cheng collected 5 nitrate samples from Well 17, 15 samples from the GAC combined effluent, 1 sample each from each individual vessel effluent and 1 sample from East Reservoir effluent. Again, all the nitrate samples collected from Well 17 had nitrate level above 40 mg/L. The highest result was 44.28 mg/L, approaching the MCL. Right after the system restart (at 8:30 am), the combined GAC effluent nitrate concentration was 41.4 mg/L, an increase of 9 mg/L in comparison to the nitrate concentration at Hour 24. This peaking is expected. However, nitrate concentration in the GAC effluent then gradually reduced and stabilized at around 30 mg/L (30.46 mg/L at 3:30 pm). The GAC system has never saturated with nitrate

Mr. Jim Williams
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September 23, 2009

throughout the test. The peaking concentration could be really high when it indeed occurs. The four samples collected from each individual GAC effluents around 12:00 pm on August 31, 2009 had nitrate concentrations ranging from 29.58 mg/L to 40.43 mg/L. The results show a great variation of the GAC performance among the vessels. Nitrate concentration in the East Reservoir was 26.13 mg/L, after the test was completed. Using the mass balance calculation (2 mg/L, the DLR for nitrate was used to represent system water nitrate concentration in the calculation), the effluent from the combined GAC effluent should have nitrate concentration of approximately 76 mg/L throughout the restart up test. However, the highest nitrate concentration detected in the combined GAC effluent was only 41.4 mg/L. The mixing of the water in the reservoir was not adequate.

Because nitrate concentration in the well remains near the MCL and the acute health risk involved, the Department has concluded that the City must not operate Well 17 without providing nitrate treatment. Please keep the Department informed concerning the City's plan regarding treating the high nitrate water produced from Well 17. If you have any questions, please contact Mr. Cheng at (213) 580-3187 or me at (213) 580-5702.

Sincerely,



Shu-Fang Orr, P.E.
District Engineer
Angeles District

Enclosure: Well 17 Initial Start-Up Test Nitrate Monitoring Results

State of California—Health and Human Services Agency
Department of Health Services



California
Department of
Health Services

SANDRA SHEWRY
Director

ARNOLD SCHWARZENEGGER
Governor

October 29, 2009

Mr. Jim Williams
Facility Manager
City of Huntington Park Water Department
6900 Bissell Street
Huntington Park, CA 90255

Dear Mr. Williams:

SYSTEM NO. 1910049 – WELL 17 NITRATE TREATMENT

We have received your letter dated September 30, 2009. In the letter, you indicated you were in the process of preparing a field test for Well 17. The purpose of the field test is to collect data in order to best determine how to move forward with the hopeful return-to-service of Well 17. You have indicated your plan as (1) fill and maintain the North and South Reservoirs with potable water supplied directly from the City of Huntington Park (City) water distribution system and keep "ready" in support of supplemental or emergency needs; (2) utilize the East Reservoir for the purpose of testing water quality from Well 17. Water from the East Reservoir will be discharged to waste unless tested and approved by CDPH as suitable for public consumption. In the letter, you have also indicated nitrate blending treatment is your preferred option. You did not provide the detailed information regarding the set up of the test and monitoring plan in your letter. Upon inquiry from the Department, you then sent an e-mail on October 8, 2009 to describe the test (Enclosure 1). On October 12, 2009, Iris Ramos, the Assistant Facility Manager of SouthWest Water Company e-mailed the data to the Department for a test conducted on October 6 and October 7, 2009 (Enclosure 2).

Based on our review of the test plan and the test results, we concluded that the test as designed, did not and will not be able to generate data to address the three fundamental questions that are vital to ensure a successful and reliable nitrate blending treatment at Well 17: 1) the magnitude of nitrate peaking and how long the peaking will last after each start-up, including the initial startup after GAC replacement, the kind of information necessary to determine the blending ratio; 2) how much system water will be available for blending and if the flowrate can be reliably maintained; and 3) how to ensure the treated/blended water will not circulate back and enter the 6" blend line.

Nitrate concentration in Well 17 fluctuated and varied from lower 20 mg/L to 59.0 mg/L. The maximum contaminant level (MCL) for nitrate is 45 mg/L. The highest nitrate



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www.consumerenergycenter.org/flex/index.html

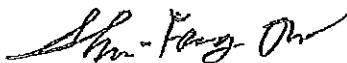
Mr. Jim Williams
Page 2
October 29, 2009

concentration, 59.0 mg/L, was detected in a sample collected from the well on January 15, 2009. Samples collected since January 15, 2009 had nitrate concentration ranging from 37 to 45 mg/L. The high nitrate concentration in the well itself is already a concern. The nitrate peaking after each GAC startup can further increase the risk of exposing your customers to unacceptable level of nitrate. Unfortunately, the sampling frequency and the duration of the City's test plan are not sufficient to generate nitrate peaking profiles for various start-up conditions. It is also unclear to us if the City has the capability to control the flowrate from the 6" blend line, and be able to ensure the targeted system water flowrate being maintained throughout the test. To address the re-circulation concern, the City did close a valve on Miles Avenue. However, because the blended water was holding in the reservoir while waiting for the test results, the effectiveness of preventing recirculation by closing a single valve could not be verified.

Although nitrate peaking phenomenon is well known, there are limited fundamental research data available. It is difficult to predict when the peaking will start, how long the peaking will last, and how high is the peaking. If the City decides to stay with the blending option, we highly recommend the City consider installing an on-line nitrate analyzer to tie in with a control system with alarm functions and automatic shutdown capability, so that the well pump could be shut off immediately upon nitrate level in the blended water exceeding a pre-set nitrate level, such as 80 percent of the MCL. Because system demand will have a strong impact on the amount of water available for blending, it is also important to tie in the flow meter with the control system, and have the well pump shut off immediately when the flowrate in the 6" blend line is lower than a preset number. Frequent sampling must be conducted at Well 17, Well 17 combined GAC effluent, blend water (6" blend line) and blended water sampling points for nitrate. The on-line nitrate analyzer must be calibrated as needed, but no less than the frequency recommended by the manufacturer. All flowmeters involved in the blending operation must be calibrated at least annually.

If you have any questions regarding this letter, please contact Mr. Cheng at (213) 580-3187 or me at (213) 580-5702.

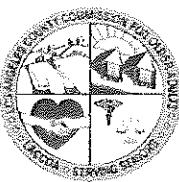
Sincerely,



Shu-Fang Orr, P.E.
District Engineer
Angeles District

Enclosures (2):

Nitrate Blending Test Plan Proposed by SWWC and Test Results
Well 17 Nitrate Data for Samples Collected from December 2008 to September 2009



Los Angeles County Commission for Older Adults

LACCOA advocates for the needs and well-being of older adults in Los Angeles County

March 12, 2013

Mayor Andy Molina
CITY OF HUNTINGTON PARK
6550 Miles Avenue
Huntington Park, CA 90255



Honorable Andy Molina:

The Los Angeles County Commission for Older Adults (LACCOA) is asking for nominations of seniors to be honored at the 48th Annual Older Americans Recognition Day (OARD) Awards Program. For the past 47 years, the President, the Governor, and the Los Angeles County Board of Supervisors have designated the month of May as Older Americans Recognition Month. We hope that your City will continue this tradition of participation at the local level.

The 2013 OARD Awards Program for the First, Second, Third and Fifth Supervisorial Districts will be held on **Wednesday, May 22, 2013 at The Dorothy Chandler Pavilion, Music Center Grand Hall, located at 135 North Grand Avenue, Los Angeles, CA 90012**. The Awards Program will start promptly at 11:30 am. A light lunch will be served.

This year's theme is: "**UNLEASH THE POWER OF AGE**"

At this awards program, the Honorees will be recognized for their dedication to community service by the Los Angeles County Board of Supervisors. We invite you to select a nominee who exemplifies the true spirit of volunteerism and we look forward to your participation. **Please complete and submit the enclosed OARD Nomination Form via e-mail no later than April 1, 2013 to: Guillermo Medina Jr. at GMedinajr@css.lacounty.gov.**

April 17, 2013

If you have questions or need additional information, please contact Guillermo Medina Jr., OARD Coordinator to the Los Angeles County Commission for Older Adults at (213) 351-5274 or via email at GMedinajr@css.lacounty.gov.

Sincerely,

Cindy Skovgard

Cindy Skovgard, Vice-President
Los Angeles County Commission for Older Adults

c: Lorenza C. Sánchez, CSS Assistant Director
Enclosure: OARD Nomination Form

510 S. Vermont Ave., Suite 215, Los Angeles, CA 90020. (213) 351-5274 Fax (213) 351-7730
The TTY telephone number for Community and Senior Services, Area Agency on Aging is (213) 427- 6114



**48th ANNUAL
OLDER AMERICANS RECOGNITION DAY (OARD) AWARDS PROGRAM
NOMINEE BIOGRAPHICAL STATEMENT**

Date Submitted: _____

Please state your reasons, in two short paragraphs, for nominating the person as an OARD Honoree. *The primary focus of the biographical statement should be reasons and/or examples of how your candidate has contributed to improving the overall community through volunteer service within the past ten (10) years.*

Resumes are not acceptable. PLEASE TYPE OR PRINT CLEARLY.

The two short paragraphs should have the following information:

1. The name of the Nominee:
2. The name of the Nominating Organization that he/she represents:
3. Overview of the Nominee's special contributions to the community during the past 10 years and specifically, what caused you to nominate him/her?

**Please ensure that the Nominee biographical statement is submitted
no later than April 1, 2013 ✓ Extended to April 11, 2013.**

Save The Date

OLDER AMERICANS RECOGNITION DAY

1st, 2nd, 3rd, and 5th Districts



OLDER AMERICANS MONTH 2013

May 22, 2013

For questions regarding 1st, 2nd, 3rd, and 5th Supervisorial Districts

Older Americans Recognition Day (OARD) Event

Please contact: Guillermo Medina

Los Angeles County Commission for Older Adults at

(213) 351-5274

or via email at GMedinai@css.lacounty.gov



STATE CAPITOL
State Capitol, Room 5064
Sacramento, CA 95814
Phone: (916) 651-4033

WEBSITE
www.sd33.senate.ca.gov



DISTRICT OFFICE
115 Pine Avenue, Suite 430
Long Beach, CA 90802
Phone: (562) 495-4766
Fax: (562) 495-1976

E-MAIL
senator.lara@senate.ca.gov

April 8, 2013

Hon. Mayor Mario Gomez
City Council Members
City of Huntington Park
6550 Miles Ave.
Huntington Park, CA 90255

Dear Mayor Gomez and Members of the City Council,

It is my great pleasure to invite you to nominate a woman for the 33rd Senate District's Women of Distinction Awards Ceremony. Every year the State Legislature recognizes and honors women who exemplify leadership in bringing awareness and solutions to issues that affect our local communities through the Woman of the Year Award.

The 33rd Senate District has a rich history of strong female leadership. In the areas of business, government, education, and healthcare, women in our area have been instrumental in creating a community of which we are proud. We will be honoring an exceptional woman from each city in the 33rd Senate District with the Woman of Distinction Award.

Please join me in celebrating these outstanding women by nominating an exemplary woman in your city. The Awards Ceremony will be taking place Friday, May 17th at Noon at Progress Park located at 15550, Downey Ave, Paramount, CA 90723. We would be honored by your presence.

Thank you very much for your consideration to this request. I look forward to your participation. Please feel free to contact, Julia Juarez at (562) 495-4766 or her personal cellular phone at (323) 839-2091 should you have any questions.

Sincerely,

RICARDO LARA
Senator, 33rd District

STATE CAPITOL
State Capitol, Room 5050
Sacramento, CA 95814
Phone: (916) 651-4033

WEBSITE
www.sd33.senate.ca.gov

DISTRICT OFFICE
115 Pine Avenue, Suite 430
Long Beach, CA 90802
Phone: (562) 495-4766
Fax: (562) 495-1876

E-MAIL
senator.lara@senate.ca.gov



**2013 Women of Distinction
33rd Senate District
Nomination Form**

Official Rules and Regulations

1. The nominees must be women over the age of eighteen.
2. The nominees must reside in the 33rd Senate District: Bell, Bell Gardens, Cudahy, Huntington Park, Lynwood, Maywood, Paramount, Signal Hill, South Gate, Vernon, and most of Long Beach with portions of Lakewood and Florence-Graham.
3. Nominees selected for the 2013 Women of Distinction Awards will be informed May 6th
4. Elected officials are not eligible for the award.

SUBMIT THE FOLLOWING INFORMATION: This Nomination Form, Letter of Recommendation or Biography.

SUBMIT APPLICATION TO: Office of Senator Ricardo Lara
Attention: Julia Juarez
115 Pine Ave., Suite 430
Long Beach, CA 90802
Tel: (562) 495-4766 Fax: (562) 495-1876
Email: Julia.Juarez@sen.ca.gov

APPLICATION DEADLINE: Friday, May 3, 2013 at 5:00 p.m.

I nominate this woman for the **2013 Woman of the year**:

CANDIDATE INFORMATION:

Name _____

Address _____

City, Zip Code _____

Telephone No. _____

E-mail Address _____

CONTACT PERSON:

Name _____

Address _____

City, Zip Code _____

Telephone No. _____

E-mail Address _____