

**FREE RECORDING REQUESTED
PURSUANT TO GOVERNMENT CODE
SECTION 27383**

Recording requested by and
when recorded return to:

CALIFORNIA HOUSING FINANCE AGENCY
Office of General Counsel
P.O. Box 4034
Sacramento, CA 95812-4034

(Space above this line for Recorder's use)

**CALIFORNIA HOUSING FINANCE AGENCY
REGULATORY AGREEMENT
CalHFA Development No. ** _____**

(Mixed-Income Loan Program/Residual Receipts)

This Regulatory Agreement (the “Agreement”), dated as of [DATE] for informational purposes, is made and entered into by and between [BORROWER] (the “*Borrower*”), and the California Housing Finance Agency (the “*Agency*”), a public instrumentality and a political subdivision of the State of California created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (the “*Act*”), Division 31 of the California Health and Safety Code.

RECITALS

A. Pursuant to the Building Homes and Jobs Act, at California Health and Safety Code (“*H&S Code*”) section 50470(b)(2)(C)(iii), the State of California has allocated funds to the Agency for the purpose of creating mixed income multifamily residential housing for lower to moderate income households.

B. In accordance with the Act, the Agency has created the Mixed-Income Loan Program (the “*Program*”) for the purpose of providing subordinate long-term financing to subsidize the new construction of multifamily rental housing developments.

C. The Borrower is the owner of the real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the “*Property*”), and has applied to the Agency for a Program loan (the “*Loan*”) to finance a multifamily rental housing development (the “*Development*”) pursuant to the provisions of the Act, particularly those provisions contained in Chapter 6.7 of Part 3 of the Act (the “*Law*”). The Development includes the Property, all improvements constructed or to be constructed or rehabilitated on the Property and all funds or property, of whatsoever kind or nature, committed to the Development.

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

NOW, THEREFORE, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall be effective as of the Closing Date and shall remain in full force and effect and shall apply to the Development until the latest of (i) payment in full of the Loan, or (ii) _____ () years. [*e.g., fifty-five (55) years.*]

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

(a) “**Area Median Income**” or “**AMI**” shall mean as defined in Section 50093 of the California Health and Safety Code.

(b) “**Closing Date**” means the date on which the Note is delivered to or for the account of the Agency, and the Deed of Trust and this Agreement recorded in the official records of the county in which the Development is located.

(c) “**Code**” means the Internal Revenue Code of 1986.

(d) “**Deed of Trust**” means that certain deed of trust titled “California Housing Finance Agency, Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. _____ (Mixed-Income Loan Program/Residual Receipts)” which was executed by the Borrower, secures the Loan, Note and this Agreement, and encumbers the Development. The term “Deed of Trust” may also include any other deed(s) of trust encumbering the Development which provide a security interest in such Development for the benefit of the Agency. It is intended that this Agreement shall be recorded ahead of and have priority over the Deed of Trust.

(e) “**Distribution**” means any withdrawal, taking or payment of any assets, subsidies, earnings or income of the Development, excluding payments for current Operating Expenses of the Development, repayment of Operating Expense Loans, payment of the outstanding balance of the Deferred Developer Fee, and payment of the outstanding balance of the Partnership Fees.

(f) “**First Lien Lender**” – means the lender of the first mortgage lien permanent loan, senior to all of the mortgage liens upon the Development and closing substantially contemporaneously herewith.

(g) “**Gross Income**” means all rents, charges, fees and any other income of the Development, and without limitation, such income derived from commercial facilities of the

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Development, if any, which may include but not necessarily be limited to, laundry, parking, vending, security deposits and payoff fees.

(h) “**HUD**” means the U.S. Department of Housing and Urban Development.

(i) “**Loan**” means the Agency's loan to the Borrower as evidenced by the Note.

(j) “**Loan Documents**” means this Agreement, the Note and Deed of Trust, as defined herein, the Deposit Account Control Agreement, if required by Agency, and any other document relating to or securing the Loan, as hereafter may be amended, supplemented, replaced or modified, properly executed and in recordable form, if necessary.

(k) “**Note**” means that certain promissory note titled “California Housing Finance Agency, Promissory Note, CalHFA Development No. _____ (Mixed-Income Loan Program/Residual Receipts” of the Borrower in the amount of _____ **Dollars** (\$_____).

(l) “**Operating Expense**” means all reasonable and proper expenses, as approved by Agency, of the operation of the Development, including, but not limited to, loan payments payable before calculation of allowable Distributions as specified on **Exhibit C**, annual bond issuance fees (only if the Development is funded with bond proceeds and the bond issuer charges an annual bond issuance fee), insurance, real estate taxes, ordinary maintenance and repair, costs of marketing, Development management fees, Services Costs (defined below), fuel, utilities, garbage disposal, sewer charges, audit expenses, all sums due or currently required to be paid under the terms of the Note or Deed of Trust, Agency required impound, reserve and escrow deposits, reasonable attorney fees incurred in actions to terminate tenancies, and such other payments as the Agency may require or specifically approve in writing as Operating Expenses. In no event shall attorney fees or litigation costs other than as stated, or expenditures normally required to be paid out of the Replacement Reserve, be treated as Operating Expenses unless specifically approved in writing by the Agency. Nonrecurring expenses in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) shall not be considered an approved Operating Expense unless specifically approved in writing by the Agency, which approval shall not be unreasonably withheld.

(m) “**Operating Expense Loan**” means any loan by the Borrower or affiliate of the Borrower for the purpose of paying Operating Expenses of the Development. Operating Expense Loans may be repaid only with the approval of the Agency, which such approval shall not be unreasonably withheld and only after payment of, or the reservation of funds for payment of, all Operating Expenses of the Development and prior to any Distributions and Residual Receipts loan payments, if applicable, from the Development.

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

(o) “**Residual Receipts**” means the balance of Surplus Cash remaining after payment of Borrower’s allowable Distribution.

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(p) “**Section 8**” means tenant-based or project-based rental assistance provided by HUD pursuant to Section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. Section 1437f) or any other HUD rental assistance program in connection with the Development.

(q) “**Surplus Cash**” means the balance of Gross Income of the Development remaining at the end of each fiscal year after payment of: (i) Operating Expenses; (ii) Agency-approved Operating Expense Loans; and (iii) reservation of cash required to meet current thirty (30) day obligations. For the purpose of computing Surplus Cash, Gross Income of the Development shall include any rent insurance proceeds, but shall exclude fire or other insurance proceeds, condemnation proceeds, and any security deposit which shall not have become the property of the Borrower free of the claim of any person claiming as or through the tenant having made such deposit. Priority of payments and application of Surplus Cash shall be in accordance with Exhibit C.

(r) “**Transfer or Loan Modification Fee**” means a fee equal to Three Thousand and No/100 Dollars (\$3,000.00) that Agency may require in its sole, unfettered discretion, be paid to Agency if Borrower requests the Loan be refinanced, modified or amended, or in connection with any Agency-approved sale, assignment, conveyance, or transfer as described in Section 12.

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

(a) The Development is comprised of at least five (5) dwelling units and facilities functionally related and subordinate to the dwelling units. The portion of the Development that constitutes residential rental property shall be determined in accordance with Treasury Regulation Section 1.103-8(b)(4) and shall consist of the residential units in the Development, all other property of the Development benefiting only such units and the allocable portion of the Property of the Development benefiting both such units and other portions of the Development, as provided by the Treasury Regulations.

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

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

(d) The Development consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Development's facilities comprise a

single geographically and functionally integrated project for residential rental property, as evidenced by the common ownership, management, accounting and operation of the Development.

(e) The Borrower shall not convert the Development to condominium or other individual unit ownership during the term of this Agreement. No part of the Development shall at any time be owned or used by a cooperative housing corporation, unless otherwise agreed to in writing by the Agency.

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

4. Tenant Income and Rent Limitations.

(a) For the term of this Agreement, at least ___% of the completed dwelling units in the Development shall be occupied or reserved for occupancy, on a continuous basis, by individuals or families whose income does not exceed _____ percent (___%) of Area Median Income (the “___% *Tenants*”); ___% of the completed dwelling units in the Development shall be occupied or reserved for occupancy, on a continuous basis, by individuals or families whose income does not exceed _____ percent (___%) of Area Median Income (the “___% *Tenants*”), as adjusted for family size pursuant to Section 142(d) of the Code, and who constitute very low income households within the meaning of Section 50105 of the California Health and Safety Code (tenants at or below 60% Area Median Income shall be referred to as the “*Qualified Tenants*,” tenants above 60% shall be referred to as the “*LMI Tenants*.” Collectively, Qualified Tenants and LMI Tenants shall be referred to as “*Affordable Tenants*”). In no event, shall the occupants of a unit be considered to be Qualified Tenants if such occupants are students (as defined under Section 151(e)(4) of the 1954 Internal Revenue Code), no one of whom is entitled to file a federal joint return under the Code.

(b) Affordable Tenant units which are assisted by Section 8 assistance shall be rented at approved Section 8 rents. Units which are not assisted by Section 8 but are occupied by Affordable Tenants shall be rented at rents (including an allowance for utilities) which shall not exceed one-twelfth (1/12th) of thirty percent (30%) of the applicable Area Median Income with adjustments for household size. For any financing that includes the use of federal Low Income Housing Tax Credits subject to 26 U.S.C. § 42, the Agency shall use the income and rent limits published by the California Tax Credit Allocation Committee for any applicable units at or below 80% AMI. For all other units, the Agency shall use the state income limits published by the California Department of Housing and Community Development with maximum rents set at 30% thereof, assuming 1.5 persons per bedroom (1 person for studios). The Agency shall from time to time make available to the Borrower schedules of and any changes in the dollar amounts of the rent and income limitations contained in Section 4.

(c) Except as provided in Subsection 4(d) below, a dwelling unit occupied by an individual or family who at the commencement of the occupancy qualifies as a Qualified Tenant shall be treated as occupied by a Qualified Tenant, even if such individual or family during their tenancy in such unit ceases to so qualify. Moreover, if vacated, such unit shall be treated as occupied by a Qualified Tenant until reoccupied, other than for a temporary period, at which time

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the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

(d) No Qualified Tenant shall be denied continued occupancy because, after admission, the resident's family income increases (or family size decreases) so as to cause the family income to exceed the maximum income level for a Qualified Tenant, so long as such family income does not exceed one hundred forty percent (140%) of the applicable income limit. If a Qualified Tenant's family income increases (or family size decreases) so as to cause the family income to exceed one hundred forty percent (140%) of the applicable income limit, the Borrower shall ensure that the percentage requirements of this Section shall continue to be met by providing the next available unit or units in the Development (or building within the meaning of Section 42 of the Code if and for as long as the Development also has low income housing tax credits allocated to it) to Qualified Tenants or by taking other actions to satisfy the percentage requirements of this Section. In determining whether such percentage requirements have been achieved, such requirements shall be complied with on June 30 of each year after any dwelling units in the Development are occupied.

(e) On a form approved by the Agency, the Borrower shall obtain a third party certification of income from each tenant of a dwelling unit designated for rental by an Affordable Tenant prior to admission to the Development or Closing Date as required by the Agency. An annual certification shall also be obtained from each tenant of a dwelling unit designated for rental by an Affordable Tenant on or about June 30 of each year. The Borrower shall verify the income certifications obtained from Affordable Tenants in accordance with the requirements of federal regulation Section 24 CFR 5.659. Copies of such certifications shall be sent to the Agency, shall be retained in the Borrower's files for a period of three (3) years and shall be available for inspection by the Agency or its agents upon request.

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

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

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

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

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(c) The Borrower shall comply with the requirements of the Age Discrimination Act of 1975, as implemented by 24 C.F.R. part 146; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as implemented by 24 C.F.R. part 8 (“**Section 504**”); the Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 C.F.R. part 100 (the “**Fair Housing Act**”); Title VI of the Civil Rights Act of 1964 and implementing regulations at 24 C.F.R. Part 146 as amended; Title VIII of the Civil Rights Act of 1968 as amended, and all other federal, state and local laws which prohibit discrimination against tenants or applicants.

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

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

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

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

(h) The Borrower represents and warrants that at all times its acts in connection with the Development have complied with and shall continue to comply with all applicable provisions of federal, state and local laws, including without limitation, all applicable federal and state disabled persons accessibility requirements (including but not limited to) the Fair Housing Act and Section 504, and all applicable provisions of the Act, the rules, regulations, policies and procedures of the Agency and all agreements with the Agency and any other public entities concerning the Development, as amended from time to time. The Borrower represents to the Agency that professional advice is available to the Borrower for the purpose of enabling the Borrower to be aware of and to comply with said laws, policies, procedures and agreements. The

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Borrower agrees to indemnify the Agency against any loss incurred by the Agency as a result of the Borrower's failure to comply therewith.

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

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

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

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

(a) Operating Expense Reserve. An Operating Expense Reserve (the “**OER**”) shall be established and maintained from sources other than Gross Income in the amount of _____ Dollars (\$_____). The OER shall be funded on a one-time-only basis and, if drawn down, need not be replenished. The OER shall be used to fund any Operating Expenses not covered by Gross Income or other reserve account required by this section.

(b) Replacement Reserve. A Replacement Reserve (“**RR**”) shall be established and maintained until the termination of this Agreement. The RR shall be initially funded by a lump sum deposited in the amount of _____ Dollars (\$_____) and shall thereafter be funded by deposits in the amount of _____ Dollars (\$_____)per month, due on

the first day of each and every month commencing on the date of conversion of the Loan to a permanent loan as determined by Agency. The Agency may adjust, at any time, the amount of the monthly payments to be made into the Replacement Reserve as necessary to, in its sole discretion, keep pace with increases in the costs of replacing structural elements and equipment of the Development. The Replacement Reserve shall be used upon the Agency's written approval to replace major structural elements or equipment of the Development or for any other purpose consistent with maintaining the financial and physical integrity of the Development. Borrower agrees to make arrangements for a physical needs assessment and an evaluation, by an independent party acceptable to the Agency, of current and future maintenance requirements of the Development. This physical needs assessment and maintenance evaluation shall occur upon the Agency's request and shall be forwarded to the Agency for review. The costs of such assessment and evaluation shall be an obligation of the Borrower.

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

7. Application of Funds if Default. Subject to the rights of the First Lien Lender, in the event of a default under this Agreement, or any of the other Loan Documents, the Agency in its sole discretion may apply or authorize the application of the funds in any of the accounts provided for in Section 6, to any amounts then due under this Agreement or the other Loan Documents, or use such funds for the continued operation of the Development provided, however, that if the default is cured, including but not limited to any and all costs of the Agency related to such default and/or continued operation of the Development, all funds shall be returned to the appropriate account.

8. Non-Discrimination and Equal Opportunity. The Borrower shall not unlawfully discriminate with respect to occupancy of the Development because of a person's race, sex, sexual orientation, marital status, familial status, age (except for senior citizen housing pursuant to California and federal law), color, religion, disability, source of income, national origin, ancestry, citizenship, primary language, immigration status, or any other characteristic listed or defined in Section 12955 of the California Government Code or Section 51 of the California Civil Code as such section applies to housing accommodations, or any other basis prohibited by applicable state or federal law. The Borrower shall require that its officers, agents, employees, management agent, contractors, subcontractors, and employees associated with the Development provide equal opportunity for employment and that they shall not engage in any unlawful discriminatory conduct. In addition, the Borrower agrees to conduct its own affirmative marketing programs as approved by the Agency.

9. Affordable Tenants Rental Limits Increase Procedure.

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

(b) Upon receipt of new rental limit schedules, the Borrower may increase, and shall, if necessary, decrease the rental charges. Any increase in rental charges must comply with the terms of the lease as to the time and manner of such changes, provided that, no Affordable Tenant shall have a rent increase sooner than one (1) year after initial occupancy, and provided further, no Affordable Tenant shall have an annual rent increase in excess of the percentage increase in the county median income for the applicable year in which the rent increase is being considered unless approved by Agency in its sole and absolute discretion.

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

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

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

(c) Financial Reporting.

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

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

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

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(e) Development Account.

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

(iii) Agency shall have a security interest in the Development Account, and Borrower hereby grants Agency a security interest in the Development Account. Immediately upon establishing the Development Account, the Borrower shall notify the Agency of the identity of the depository, the branch where the account is established and the account number. The Agency may require, prior to the Loan closing, that the depository execute a deposit account control agreement within the meaning of Article 9 of the California Uniform Commercial Code (“***Control Agreement***”), in a form acceptable to the Agency, to perfect the Agency’s security interest in such account. Agency shall be entitled to exercise its rights under such Control Agreement upon Borrower’s default, as determined by the Agency in its sole discretion, under the Loan Documents. However, the Agency shall not be obligated to give the Borrower the advance notice of default required by Section 17 of this Agreement prior to giving the depository the written “Notice of Exclusive Control” provided for in such Control Agreement. Borrower shall be responsible for all costs associated with obtaining and maintaining any Control Agreement. If Agency does not require a Control Agreement prior to the Loan closing, Borrower agrees that Agency may, in its sole discretion, require a Control Agreement in the future and Borrower shall promptly obtain such Control Agreement.

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

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

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

(f) Annual Operating Budget. The Borrower shall submit to the Agency a proposed operating budget for the Development not later than sixty (60) days prior to the beginning of each fiscal year of the Development. The proposed operating budget shall set forth the

anticipated Gross Income of the Development and a detailed estimate of all Operating Expenses thereof, which shall include an itemization of administration expenses, maintenance expenses, cost of utilities, hazard insurance, earthquake insurance, taxes and assessments, Loan principal and interest, deposits to all funds, reserves or accounts required by the Agency and/or established by the Borrower. The budget shall be in a form satisfactory to the Agency and shall otherwise be consistent with the requirements of this Agreement. Upon approval by the Agency, such proposed operating budget shall be the operating budget for the ensuing fiscal year.

11. Development Management.

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

(b) The Borrower shall require that a Resident Selection/Affirmative Fair Housing Marketing Plan (“*Plan*”) be prepared and maintained in cooperation with the managing agent. This Plan shall be subject to the approval of the Agency, shall include information on affirmative marketing efforts and compliance with fair housing laws, and shall include preferences for occupancy given to households displaced by construction, repair, renovation or rehabilitation of a housing development, public action, or natural disaster.

(c) In carrying out this Plan, the Borrower/management agent shall:

(i) Lease no less than the percentage of total units of all sizes and types to Affordable Tenants as required by Section 4(a);

(ii) Give preference to the applicants in the following order:

(1) Persons displaced by:

(A) Natural disaster;

Development;

(B) Repair, renovation, rehabilitation of this

(C) Other public action;

(D) Other causes, provided that such displacement shall be certified in writing by a government agency; and

(2) All other applicants;

(iii) Begin marketing of the Development at least ninety (90) days prior to the availability of the units for occupancy;

(iv) Assure that all advertising (including letterheads, brochures and media advertising), shall include “Equal Housing Opportunity” and the “handicapped” logo. Further, if advertisements contain human models, a mix of minority and non-minority models are to be used to reflect the open housing philosophy. No preference for any economic status or lifestyle shall be depicted;

(v) Where a significant number of persons in the community have limited fluency in the English language, provide publications, information, brochures and leases in the native language of such persons; “*Significant number of persons*” is deemed to be at least twenty-five percent (25%);

(vi) Develop and maintain a policy and procedure for the selection and rejection of applicants;

(vii) Assure that tenant selection is carried out without favoritism or partiality, and that no preference is given to any applicant other than as provided herein; and

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

12. ***[DELETE IF CALHFA IS THE PERMANENT LENDER]*** Payment of Mixed-Income Loan Program Fees.

(a) Notwithstanding any prepayment of the Loan, the Borrower shall continue to pay (or, to the extent allowed under the Code, shall prepay the present value of the Mixed-Income Loan Program Fee, for the remaining term of the Agreement at the time of such prepayment) the fees of the Agency as provided in this Section. The Borrower agrees to pay to the Agency, the Agency’s annual fee (the “Mixed-Income Loan Program Fee”) in the amount of 35 basis points (0.35%) calculated based on the principal balance of an amortization schedule with the following assumptions: 1) 55-year level-amortization; 2) start date, interest rate and the loan amount consistent with First-Lien Loan. The amount shall be due and payable on the Closing Date for the period beginning on the Closing Date and ending on the first September 30 following the Closing Date, and each year thereafter, shall be due and payable annually in

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advance on each October 1 (the Closing Date and each October 1 are referred to herein as a “***Program Fee Payment Date***”), for the term of this Agreement, as set forth in **Exhibit D**.

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

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

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

(ii) The term “***substantial interest***” means the interest of any general partner, any limited partner or any member, in the case of a limited liability company, having a twenty-five percent (25%) or more interest in the organization, any corporate officer or director, and any stockholder having a ten percent (10%) or more interest in the organization.

At the Agency’s option and upon its demand, Borrower shall pay, a Transfer Fee to Agency for any such transfer.

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

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

(d) Materially remodel, add to, reconstruct, demolish or damage any part of the Development, except as contemplated by the Loan Documents.

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

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(f) Incur any liability or obligation in connection with the Development, contingent or otherwise, other than for current Operating Expenses and for the indebtedness evidenced by the Note, or incur any liability or obligation whatsoever that is secured in whole or in part by any interest in or lien or encumbrance on the Development, except for loans secured by liens on the Development as of the recording of this Agreement, provided such liens are subordinated to this Agreement and the CalHFA Deed of Trust.

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

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

(i) Fail to establish or maintain the accounts required by Section 6 of this Agreement.

(j) Fail to pay the Agency's annual Administrative Fee.

(k) Cause or permit the Development to be maintained in a condition which the Agency deems, in its sole discretion, as an impairment of its security interest, or a violation of the Borrower's obligation to maintain the Development in a safe, sanitary and decent condition.

(l) If the Development receives Section 8 assistance, cause or permit the loss of Section 8 units under the HAPC, or failure to apply for or accept any extension of the HAPC.

(m) Cause or permit the dissolution of Borrower or Borrower's general partner.

14. Distributions.

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

(b) Upon Agency approval, the Borrower may take advances on its reasonably expected annual Distribution for the fiscal year. Such advances shall only be taken if there are no undisputed accounts payable older than thirty (30) days and there are sufficient funds to pay anticipated Operating Expenses coming due within the next thirty (30) days. The amount distributed shall not, in the aggregate, exceed the amount of the reasonably expected annual Distribution for the fiscal year. Such advances shall be reconciled to the monthly financials and the Development Financial Report for the fiscal year and, to the extent they exceed the approved annual Distribution, shall be refunded to the Development Account upon immediate demand by the Agency. Notwithstanding the foregoing, the Agency shall not be required to approve Distributions to be made from borrowed funds, or to be made while there is any violation or default under the terms of this Agreement or any of the other Loan Documents.

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

(d) Payments by Borrower on any loan payable from Residual Receipts shall be made annually thirty (30) days after Agency approves the Development Financial Report, as defined herein, or ninety (90) days from the end of any fiscal year in which Agency ceases to review or require Development Financial Reports.

15. Actions. The Borrower agrees to notify the Agency promptly in writing of any action or proceeding by or against the Development or by or against the Borrower with respect to the Development. No action or proceeding seeking the recovery of a sum in excess of Twenty-Five Thousand and No/100s Dollars (\$25,000.00) or for specific performance or other equitable relief shall be instituted by the Borrower with respect to the Development, nor shall any action or proceeding seeking the recovery from the Development, or from the Borrower with respect to the Development, of a sum in excess of Twenty-Five Thousand and No/100s Dollars (\$25,000.00) or for specific performance or other equitable relief against the Development, or against the Borrower in respect of the Development, be settled or compromised by the Borrower, without the prior approval of the Agency. Any such approval may be subject to such terms and conditions as the Agency, may prescribe.

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

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

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

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

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

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

(e) In addition, if and to the extent necessary to correct any such default, the Borrower hereby grants to the Agency the option to lease, from time to time, units in the Development for a rental of one dollar (\$1.00) per unit per year for the purpose of subleasing such units to comply with Sections 3 and 4 of this Agreement. Any rents received by the Agency under any such sublease shall be paid to the Borrower after the Agency has been reimbursed for any expenses incurred in connection with such sublease, provided, that if the Borrower is in default under the Loan, such rental shall be used to make payments of Loan principal and interest or otherwise to cure such defaults.

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

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

20. Integration and Amendments. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated

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therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Agency in writing.

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

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

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

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

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

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

27. Legal Notices. Written notices pursuant to this Agreement by and between the parties hereto shall be addressed as follows unless and until a party hereto has, in writing, communicated a different address to the other party hereto, provided, for notices other than to Borrower, Agency shall use its best efforts, and provided further that no legal consequences shall arise by reason of Agency's failure to give notice to any person other than Borrower. Notice to parties at the same address may be given in a single notice.

Borrower: _____

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

With a copy to: _____

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

29. No Conflict With Other Documents. The Borrower warrants that it has not, and shall not, execute any other agreement with provisions contradictory to the provisions hereof, and that, in any event, the requirements of this Agreement shall be paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

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

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

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

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contractors, subcontractors, agents, employees, or tenants. This section shall survive the termination of this Agreement.

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

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

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

35. Prepayment. Borrower may prepay the Loan pursuant to the terms and conditions of the Loan Documents. If Borrower prepays the Loan in full:

(a) The sections or subsections identified as follows: Agency Financing and Rental Requirements, Sections 5 (f) and (i), if applicable; Establishment and Use of Reserve Funds, Section 6; Application of Funds if Default, Section 7; Financial Covenants, Section 10; Certain Acts Prohibited, subsections 13 (a), (b), (d), (f), (g), (h), (i), (k) and (l); Distributions, Section 14; Actions, Section 15 (except the notice requirement of the first sentence); Assignment of Rents for Security, Section 16; Violation of Agreement by the Borrower, subsections 17 (a), (b) and (c); Interest Charges, Section 18; and Agency Insurance Requirements, Section 30 of this Agreement

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will no longer apply, but all remaining sections shall continue in full force and effect in accordance with Term, Section 1, above; and

(b) Borrower shall notify the Agency promptly in writing of any sale, assignment, conveyance or transfer in any other form of the Development, or any part thereof, or of any of its interest therein, whether voluntarily or involuntarily, or by operation of law. Borrower further agrees to provide to the Agency the name and contact information, including without limitation, the address, telephone number and email address, of any such assignee or transferee and its point of contact.

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

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

AGENCY

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

By: _____
Name: _____
Title: _____

BORROWER

*****Borrower Name TE*****,
*****Borrower Entity Type CO*****

By _____,
a
California nonprofit public benefit corporation, its general partner

By _____
Name: _____
Title: _____

- Exhibit A.** – Legal Description of the Development
- Exhibit B.** – Insurance Requirements for California Housing Finance Agency Developments
- Exhibit C.** – Priority of Payments
- Exhibit D.** - Mixed-Income Loan Program Fee Amortization Schedule

ACKNOWLEDGMENTS

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Exhibit A
Legal Description

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Exhibit B
Insurance Requirements for California Housing Finance Agency Developments

Exhibit C

Priority of Payments – CalHFA Earned Surplus/Residual Receipts Loans
After Approved Operating Expenses

Part A - Agency-Approved Operating Expenses including Servicing Fee and Amortizing Debt (if applicable):

Agency Servicing Fee:	\$***Payment Priority Agency Servicing Fee NU***
Lender:	***Payment Priority Lender Name TE***
Initial Principal Amount:	\$***Payment Priority Initial Principal Amount NU***
Payment Amount:	\$***Payment Priority Payment Amount NU***
Term to Maturity:	***Payment Priority Term to Maturity NU*** years
Lien Position:	***Payment Priority Lien Position NU***
Interest Rate:	***Payment Priority Loan Interest Rate NU***%

Part B – Borrower’s Allowable Distribution

Distribution Surplus Cash NU% of Surplus Cash

Part C – Residual Receipts (defined as the balance of Surplus Cash remaining after payment of Borrower’s allowable Distribution) to be Payable to Residual Receipts Lenders as follows:

Exhibit D

Mixed-Income Loan Program Fee Amortization Schedule