

**CULVER CITY HOUSING AUTHORITY**

9770 Culver Boulevard  
Culver City, California 90232

June 20, 2022

Ms. Tara Barauskas, Executive Director  
Community Corporation of Santa Monica  
1423 Second Street, Suite B  
Santa Monica, California 90401

RE: 4464 Sepulveda Boulevard, Culver City, California  
Construction and Permanent Loan Commitment

Dear Ms. Barauskas:

We are pleased to inform you that the Culver City Housing Authority (“**Authority**”) has approved this Construction and Permanent Loan Commitment (this “**Commitment**”) to Community Corporation of Santa Monica (“**Borrower**”) for the proposed development of 95 residences to be located at 4464 Sepulveda Boulevard, Culver City, California (the “**Project**”).

As noted below, this Commitment is contingent on the Project being awarded Low Income Housing Tax Credits (“**LIHTC**”) and is subject to the terms and conditions set forth in this letter.

LOAN AMOUNT: \$4,000,000

# OF UNITS: 95 residential units (including two manager’s units) that are affordable, Very Low and Low Income units as defined under State law.

Authority acknowledges that the number of units may change based on site limitations, feedback from community outreach and comments from the Community Development Department, Current Planning Division

INTEREST RATE: 3% simple interest per *annum*

LOAN TERM: 3 years for construction loan; 55 years for permanent loan, from the Certificate of Occupancy date or Placed in Service Date, whichever is later; Borrower shall make payments from residual receipts (which shall be defined in the financing documents), 50% of which shall be used for loan repayment and the other 50% may be retained by Borrower; provided, however, that Borrower’s share of residual receipts shall be deposited into Borrower’s fund for the Project, and such funds shall be utilized in accordance with the financing documents; if there exists other public lenders also requiring loan repayment through residual receipts, then

Authority and such other public residual receipts lenders shall share 50% of any residual receipts on a *pro-rata* basis

SECURITY: Authority trust deed and option agreement(s), which may be subordinated to other lenders with Authority approval

REGULATORY AGREEMENT: A regulatory agreement with a 58-year term from the date the Certificate of Occupancy or Placed in Service Date is issued to the Project, which specifies, among other requirements, eligible occupancy standards, maximum affordable rents, and minimum operating and replacement reserves (the “**Regulatory Agreement**”)

OCCUPANCY RESTRICTIONS: All units shall be occupied by households earning no greater than 80% of Los Angeles County median income (“**AMI**”), adjusted for household size, and as determined by the U.S. Department of Housing & Urban Development (“**HUD**”)

RENT RESTRICTIONS: Rent for each of the units shall be based on no greater than 80% of AMI as adjusted for number of bedrooms, and minus a utility allowance for tenant-paid utilities unless further defined by Authority, except to the extent that such households are subject to restriction pursuant to any applicable federal rent requirements (including, without limitation, any federal low income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended), in which case the rent limits shall be established pursuant to those federal rent requirements. The manager’s units shall be unrestricted

FEES: None

DISBURSEMENT: Authority shall disburse construction loan funds as the Project is built and in amounts appropriate to the percentage of construction completed

CITY OPTION: Authority shall have an option to purchase the Project upon the sooner to occur of (i) an event of default, after the expiration of all applicable notice and cure periods, or (ii) within 90 days of the end of the affordability regulatory period in exchange for the lowest price permitted by the LIHTC Program

GENERAL CONDITIONS OF LOAN:

1. This Commitment is contingent upon compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (“NEPA”), if applicable. If NEPA is applicable, then no physical activity shall have occurred on the site until all public notice procedures concerning the release of HUD funds have been completed to the satisfaction of Authority and HUD. Premature commencement of physical activity shall cancel this Commitment.
2. Authority receipt of an ALTA Lender’s Title Insurance Policy in the amount of the loan.
3. Evidence that Borrower has obtained insurance as required by Authority’s Risk Manager.
4. Evidence that Borrower has obtained the property owner’s consent to construct the Project on the site.
5. Evidence that Borrower’s Board of Directors has approved the proposed Project.

CONDITIONS FOR CONSTRUCTION PORTION OF LOAN:

1. Borrower’s receipt of all applicable regulatory approvals and issuance of a City building permit for the Project.
2. Authority’s receipt and approval of all draw requests.
3. Authority’s receipt and approval of a list of all contractors, subcontractors, consultants, and material suppliers to be employed on the Project. Borrower shall require performance bonds and payment bonds on all contracts and subcontracts, in form and substance acceptable to Authority.

OTHER CONDITIONS:

1. Borrower’s receipt of construction financing commitments from the following funding sources and in the following estimated amounts:

|              |              |
|--------------|--------------|
| LIHTC Equity | \$2,445,547  |
| Bank Loan    | \$32,737,756 |

2. Borrower’s receipt of permanent financing commitments from the following funding sources and in the following estimated amounts:

|              |              |
|--------------|--------------|
| LIHTC Equity | \$24,445,547 |
| Bank Loan    | \$4,903,000  |

3. Authority's receipt and approval of final plans and specifications for the construction of the Project. Authority will require an assignment of any such plans, subject to priority assignment, of Borrower's ownership interest in and to the plans, and specifications as security for the loan.
4. Authority's receipt and approval of all entitlements necessary to construct the Project.
5. Authority's receipt and approval of a final construction budget and a final financial feasibility analysis, which will specify the manner in which loan proceeds will be disbursed.
6. Authority's receipt and approval of any construction contracts. Construction contracts shall specify that the payment of State prevailing wages will be required for the Project. Authority will require an assignment, subject to priority assignment, of Borrower's interest in and to any such construction contracts as security for the loan, and Borrower shall obtain contractor consent to said assignment. Contractor(s) must be acceptable to Authority in its reasonable discretion. Contractor shall provide a performance bond and a payment bond in form and substance acceptable to Authority.
7. Authority will require an assignment, subject to priority assignment, of Borrower's interest in and to the architect's/engineer's agreement, if any, as security for the loan.
8. Borrower shall establish initial operating reserve account(s) in the amount of at least three months of operating expenses as a requirement of the Regulatory Agreement. Borrower shall make annual contributions in the amount of at least \$350 per unit per year into the replacement reserve account. Borrower's withdrawals from this account will require Authority's written approval, which will not be unreasonably withheld.
9. A developer fee is allowed in excess of \$2,500,000 for the General Partner Equity Contribution component.
10. Authority reserves the right to require at any time during the term of the Regulatory Agreement that Borrower maintain on deposit in one or more accounts designated or held by Authority (a) funds sufficient to pay taxes and insurance premiums owing with respect to the Project and (b) funds designated and set aside as operating and replacement reserves for the Project.
11. Authority receipt and approval of a construction management contract, if applicable.
12. Confirmation satisfactory to Authority, at the point Authority approves the final *pro forma* in conjunction with Authority approval of permanent loan documents, in its sole discretion, that annual gross potential revenue is sufficient for financial feasibility.
13. Borrower's execution and delivery of Authority's standard loan documents, with such revisions as mutually agreed to by the parties, and compliance with all covenants and conditions

set forth in said loan documents or as Authority or its counsel may determine based on a review of Borrower's submissions as required by this Commitment.

14. Community Meetings.

- a. Loan Commitment Meeting. Borrower shall conduct one public meeting for the proposed Project within 60 days of the delivery of this Commitment. Borrower shall provide a written notice which provides the date, time, and location of the public meeting to Authority at least 15 days prior to the public meeting date.
- b. Community Design Meetings. Prior to finalizing design drawings for submittal to review by City, Borrower will conduct a minimum of two public workshops with neighbors residing within 500 feet of the Project. Borrower is required to provide Authority with an affidavit certifying that written notices were sent to all neighbors residing within 500 feet of the proposed Project.
- c. Meetings may include, without limitation, City Council, Housing Authority board, and Planning Commission meetings. Borrower shall follow all rules and requirements of such bodies and any requirements established by the funding sources.

15. Authority review of Community Meeting Documents. A minimum of 15 working days prior to all proposed community meetings related to the Project, including meetings not listed above, such as charrettes, Borrower shall provide the following items to Authority: a written notice which provides the date, time, and location of the public meeting, an agenda, meeting goals, talking points, and materials. Borrower shall set a pre-meeting with Authority staff to discuss feedback on such documents no later than 10 working days prior to the proposed meeting.

16. Borrower's provision of a Management Plan subject to review and approval by Authority.

17. The loan will be monitored over its term, and the Project will be monitored over the term of the Regulatory Agreement. Borrower understands that it will be required to complete monitoring reports, as required by Authority, in a timely fashion.

18. Authority liens shall be recorded subject only to exceptions approved by Authority in its sole discretion.

19. Authority reserves the right at any time during the term of the loan to sell, assign, or otherwise transfer its interest and rights in the promissory note and security for the loan, with prior reasonable notice to Borrower.

20. The making by Borrower of assurances, as Authority deems necessary, that the property condition and Borrower financing condition remain substantially the same as represented at the time of this Commitment.

21. Authority reserves the right to cancel this Commitment and terminate its obligations hereunder, upon the occurrence of any of the following events:

- a. Borrower's failure or inability to comply with the terms of this Commitment; which failure continues for a period of 30 days after written notice to Borrower;
- b. The filing by or against Borrower or any guarantor of a petition in bankruptcy or insolvency or for reorganization or the appointment of a receiver or trustee which is not dismissed within 60 days, or the making by Borrower or any guarantor of an assignment for the benefit of creditors, or the filing of a petition for arrangement by Borrower or guarantor;
- c. The disclosure of any information which in the opinion of Authority would materially impair the ability of Borrower or any guarantor to perform under the terms of this Commitment or the loan or of the Project to meet Authority's underwriting standards; or
- d. The failure of Borrower to disclose to Authority all information material to the loan or the Project, or the misrepresentation by Borrower of any material fact relating to the loan, the Project, or the financial condition of Borrower or any guarantor.

The Project shall comply with all applicable known codes, standards, and current zoning requirements. Applicants are advised to check with Authority and the Community Development Department, Current Planning Division. Please note that affordability definitions may differ under existing Culver City Municipal Code provisions applicable to the Project. The Project shall be leased-up according to the local preference policy of the City of Culver City (which includes priority to persons and families who reside in Culver City), if consistent with federal laws and regulations, and in a manner acceptable to Authority.

Borrower is expected to be adequately represented by its own legal counsel. Conditions stated herein may be changed only by the prior written consent of both of the parties to this Commitment.

The amount of Authority's loan has been based upon estimated total development costs submitted by Borrower as part of the loan application documentation. To the extent that actual Project costs are lower, Authority's loan amount may be reduced accordingly so that the minimum necessary public subsidy is provided to the Project.

This Commitment is not intended to describe all of the requirements, terms, conditions, and documents necessary for the loan. A loan agreement, including the promissory note, deed of trust and related documents, will be prepared for approval by Authority legal counsel and shall include all provisions and attachments customarily included in Authority affordable housing loan agreements.

Authority and Borrower intend for this letter to be a legally binding and enforceable agreement. Therefore, the parties hereto agree to proceed in good faith to prepare the required documents and satisfy the other conditions to this Commitment.

This Commitment expires December 31, 2023 or at start of construction, whichever occurs first. Please sign and return this letter to acknowledge acceptance of the terms and conditions contained herein.

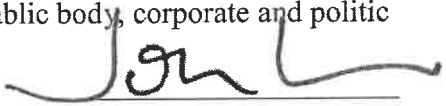
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Please contact Mr. Sol Blumenfeld, Assistant Executive Director at sol.blumenfeld@culvercity.org or (310) 253-5702 with questions or comments. We look forward to assisting you with the Project.

Sincerely,

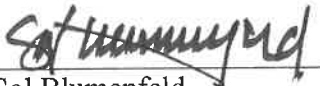
CULVER CITY HOUSING AUTHORITY,  
a public body, corporate and politic

By:

  
John M. Nachbar  
Executive Director

APPROVED AS TO CONTENT:

By:

  
Sol Blumenfeld  
Assistant Executive Director

APPROVED AS TO FORM:

KANE, BALLMER & BERKMAN  
Authority Special Counsel

By:

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Todd C. Mooney

ACKNOWLEDGED AND ACCEPTED:

Community Corporation of Santa Monica

By:

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Tara Barauskas  
Executive Director



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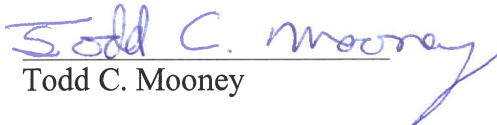
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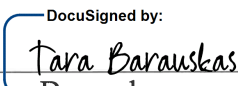
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