

**CITY OF CULVER CITY
&
CULVER CITY HOUSING AUTHORITY
CITY OF CULVER CITY
9770 Culver Boulevard
Culver City, California 90232**

September __, 2025

Ms. Tara Barauskas, Executive Director
Community Corporation of Santa Monica
1410 Second Street, Suite 200
Santa Monica, California 90401

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

Dear Ms. Barauskas:

The Culver City Housing Authority (“**Authority**”) and the City of Culver City (“**City**”) have approved this Authority Construction and Permanent Loan Commitment and City Construction and Permanent Loan Commitment (this “**Commitment**”) to Community Corporation of Santa Monica (“**Sponsor**”) and 4464 Sepulveda Blvd, LP, a California limited partnership (“**Borrower**”)¹ for only the proposed development of 95 residential units to be located at 4464 Sepulveda Boulevard, Culver City, California (the “**Project**”). The Project specifically excludes any developer fees, land lease payments, and costs and expenses for the design, construction, or operation for any building or facilities used for sectarian religious purposes (collectively “**Church-Related Costs**”).

As noted below, this Commitment is contingent on the Project being allocated Low Income Housing Tax Credits (“**LIHTC**”), the City’s receipt of funding from the Federal Housing and Urban Development Department for 42 project-based vouchers, and is subject to the terms and conditions set forth in this letter.²

¹ Or other tax credit limited partnership that will be the lessee under the anticipated ground lease and which was or will be formed in order to syndicate equity or limited partner ownership interests therein to the tax credit investor.

² The Project is exempt from Article 34 pursuant to Health & Safety Code, § 37001 (h)(4)), due to the allocation of housing tax credits. The Project is also exempt from Article 34 pursuant to Health & Safety Code § 37001(a) which provides that an affordable housing project will not be considered a “low-rent housing project” if (i) the Project consists of privately-owned housing which is not exempt from property taxation or is exempt from property taxation pursuant to the provisions of Revenue and Taxation Code 214(f) or (g), and (ii) the financing restrictions that will be recorded against the project will not require in the aggregate that more than 49 percent of the units be rented to households with incomes at or below 80 percent of median income. The Project will be privately owned and will be exempt from property taxes under Revenue and Taxation Code Section 214(g) and the City and Authority loans will

AUTHORITY LOAN AMOUNT: \$6,000,000
CITY LOAN AMOUNT³ : \$15,000,000

OF UNITS: 95 residential units (including two manager's units). Authority and City acknowledge that the number of units may change based on site limitations, feedback from community outreach and comments from the Planning & Development Department, Current Planning Division

INTEREST RATE: 3% simple interest per *annum*

LOAN TERM: 3 years for construction loans; 55 years for permanent loans, 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, City, and such other public residual receipts lenders shall share 50% of any residual receipts on a *pro-rata* basis

SECURITY: Trust deeds and option agreements, which may be subordinated to other lenders with Authority and City approval

REGULATORY AGREEMENT: Authority regulatory agreement with a 58-year term, which specifies, among other requirements, eligible occupancy standards, maximum affordable rents, and minimum operating and replacement reserves (the "**Regulatory Agreement**")

OCCUPANCY RESTRICTIONS: The Loan Agreements and Regulatory Agreement shall require that up to 49% of such units shall be occupied by households earning no greater than 80% of Los Angeles County median income ("**AMI**"), adjusted for

not restrict more than 49% of the units to low-income households. The Project is also exempt from Article 34 pursuant to Health & Safety Code § 37001.5 subd. (e)(2) because the City and Authority are both "performing conventional activities of a lender."

³ The 2023-24 California Budget Bill Jr. (Chapter 38, Statutes of 2023, AB 102) allocated \$1,000,000 to the City of Culver City, for the Culver City – Jubilo Village Affordable Housing Development. This allocation was paid from the State's General Fund, and disbursed by the Department of Housing and Community Development and is included in the City loan amount.

household size, and as determined by the U.S. Department of Housing & Urban Development (“**HUD**”), referred to as “Restricted Units.”

RENT

RESTRICTIONS: Rent for each of the Restricted 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 and City shall disburse their respective construction loan funds as the Project is built and in cumulative amounts appropriate to the percentage of construction thereof completed. Expenditures must clearly indicate that the costs submitted for reimbursement are for the Project only, and not for Church-Related Costs. Upon close of construction financing, Authority shall disperse its \$6 million loan, and City shall disburse \$3 million of its loan as construction financing, which shall not be used for Church-Related Costs. Upon issuance of a temporary certificate of occupancy for the Project, the City shall disburse the remaining \$12 Million of its loan as construction financing, which shall not be used for Church-Related Costs. At the close of permanent financing, the Authority construction loan and the City construction loan shall each convert to permanent loans. Before disbursement of any loan funds, all loan conditions must be met.

OPTIONS: Authority and City shall each 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

This Commitment is contingent upon and subject to all of the following terms and conditions:

GENERAL CONDITIONS OF LOANS:

1. 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. Allocation of federal or state low-income housing tax credits from the California Tax Credit Allocation Committee.
3. Agreement that no loan funds will be used to pay for Church-Related Costs.
4. Authority receipt of an ALTA Lender's Title Insurance Policy in the amount of the Authority loan, and City receipt of an ALTA Lender's Title Insurance Policy in the amount of the then-applicable portion of the City loan.
5. Evidence that Borrower has obtained insurance as required by Authority's and City's Risk Manager.
6. Evidence that Borrower has obtained the consent of all necessary parties, including the property owner, to construct the Project on the site.
7. Evidence that Sponsor's Board of Directors has approved the proposed Project.
8. Evidence that Sponsor, Borrower and General Contractor hold a current City of Culver City business tax certificate.
9. Compliance with all terms of agreements, terms, regulations, and regulatory agreements required by LIHTC, any other agreements of the Project, and Project conditions of approval.

CONDITIONS FOR CONSTRUCTION PORTION OF AUTHORITY 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 relating to the general contract for the entire Project, in form and substance acceptable to Authority.
4. Authority's receipt and approval of a Borrower budget which will specify the manner in which the Authority construction loan proceeds will be disbursed. Ineligible expenditures include, without limitation, predevelopment costs, developer fees, legal fees, and Church-Related Costs.

CONDITIONS FOR CONSTRUCTION PORTION OF CITY LOAN:

1. Borrower's receipt of all applicable regulatory approvals and issuance of a City building permit for the Project.
2. Borrower has closed, or will concurrently close with the City Loan, on all of its construction financing loans.
3. The Agreement to Enter into Housing Assistance Payments (AHAP) for 42 Project-Based Vouchers has been fully executed, including all necessary HUD approvals.
4. City's receipt and approval of a Borrower budget which will specify the manner in which the City construction loan proceeds will be disbursed. Ineligible expenditures include, without limitation, predevelopment costs, developer fees, legal fees, and Church-Related Costs.
5. City's receipt and approval of all draw requests.

OTHER CONDITIONS:

1. Borrower's receipt of construction financing commitments from the following funding sources and in the following estimated amounts⁴ :

LIHTC Equity	\$3,705,614
Bank Loan(s)	\$54,826,323

2. Borrower's receipt of permanent financing commitments from the following funding sources and in the following estimated amounts⁵ :

LIHTC Equity	\$25,059,173
Bank Loan(s)	\$15,087,000
State Tax Credit Sale Loan	\$14,699,179

3. City's receipt from the California Department of Housing and Community Development of the entirety of the \$1,000,000 in funds allocated by Section 19.564(b)(6) of the California Budget Act of 2023 (Chapter 38, Statutes of 2023, AB 102), and the City Council's acceptance of such funds.
4. An allocation of federal or state low-income housing tax credits from the California Tax Credit Allocation Committee.
5. 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,

⁴ Sources and amounts are current as of June 6, 2025 and are subject to update from time to time.

⁵ See note 4.

of Borrower's ownership interest in and to the plans, and specifications as security for the Authority loan.

6. Authority's receipt and approval of all entitlements necessary to construct the Project.
7. 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.
8. 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.
9. Authority will require an assignment, subject to priority assignment to the construction lender, of Borrower's interest in and to the architect's/engineer's agreement, if any, as security for the loan.
10. Borrower shall establish initial operating reserve account(s) at conversion to the permanent phase 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.
11. A developer fee is allowed in line with current Tax Credit Allocation Committee regulations.
12. 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.
13. Authority receipt and approval of a construction management contract, if applicable.
14. Confirmation satisfactory to Authority and City, at the point Authority and City approve the final *pro forma* in conjunction with Authority and City approval of permanent loan documents, in their respective sole discretion, that annual gross potential revenue is sufficient for financial feasibility.
15. Standard Documents.

- a. 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.
 - b. [Reserved].
 - c. Borrower's execution and delivery of City'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 City or its counsel may determine based on a review of Borrower's submissions as required by this Commitment.
- 17. [Reserved].
- 18. Borrower's provision of a Management Plan subject to review and approval by Authority.
- 19. The loans will be monitored over their respective terms, 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 and/or City, in a timely fashion.
- 20. Authority liens shall be recorded subject only to exceptions approved by Authority in its sole discretion, and City liens shall be recorded subject only to exceptions approved by City in its sole discretion.
- 21. Authority reserves the right at any time during the term of its loan to sell, assign, or otherwise transfer its interest and rights in the promissory note and security for such loan, with prior reasonable notice to Borrower, and City reserves the right at any time during the term of its loan to sell, assign, or otherwise transfer its interest and rights in the promissory note and security for such loan, with prior reasonable notice to Borrower.
- 22. The making by Borrower of assurances, as Authority and City deem necessary, that the property condition and Borrower financing condition remain substantially the same as represented at the time of this Commitment.
- 23. Authority and City reserve the right to cancel this Commitment and terminate their respective obligations hereunder, upon the occurrence of any of the following events:
 - a. Sponsor's or 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 Sponsor, 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 Sponsor, Borrower or any guarantor of an assignment for the benefit of creditors, or the filing of a petition for arrangement by Sponsor, Borrower or guarantor;
- c. The disclosure of any information which in the opinion of Authority or City would materially impair the ability of Sponsor, Borrower or any guarantor to perform under the terms of this Commitment or the loan or of the Project to meet Authority's or City's underwriting standards;
- d. The failure of Sponsor or Borrower to disclose to Authority and City all information material to the loans or the Project, or the misrepresentation by Sponsor or Borrower of any material fact relating to the loans, the Project, or the financial condition of Sponsor, Borrower or any guarantor;
- e. Any funds provided to Sponsor or Borrower by Authority or City are used for Church-Related Costs;
- f. Federal funding to Authority/City for housing vouchers for the Project is eliminated or reduced;
- g. Sponsor or Borrower requests from Authority or City additional funds for the Project;
- h. A court determines that any of the loans are illegal; or
- i. An uncured breach of the State tax credit conditions occurs.

24. Each of Sponsor and Borrower agrees to indemnify, defend, and hold City and City's officers, directors, employees, agents, and authorized representatives and Authority and Authority's officers, directors, employees, agents and authorized representatives harmless from and against any and all losses, liabilities, charges, damages, penalties, awards, claims, or costs and expenses (including, but not limited to, reasonable attorneys' fees of counsel retained by City and/or Authority, expert fees, costs of staff time, and investigation costs) of whatever kind or nature arising as a result of City's or Authority's making the loans or Sponsor or Borrower undertaking activities pursuant to this Commitment or any other City or Authority documents or requirements, including, but not limited to, any loss due to the acts or omissions of Sponsor or Borrower in the performance of this Commitment and/or the contemplated loans. This indemnity shall survive entry into the contemplated loan agreements, and this indemnity shall be reiterated in the loan agreements contemplated in this Commitment.

25. The Project shall comply with all applicable known codes, standards, and current zoning requirements. Applicants are advised to check with Authority and the Planning & Development

Department, Current Planning Division. Please note that affordability definitions may differ under existing Culver City Municipal Code provisions applicable to the Project.

26. The Project shall be leased-up according to the local preference policy of the City of Culver City (which includes priority to (i) persons and families who reside in Culver City, (ii) people who work full time or part time in Culver City, and (iii) children and their families attending K-12 school in Culver City (public or private)), if consistent with federal laws and regulations and the requirements of other awarded funding sources, and in a manner acceptable to Authority.

27. Borrower shall conduct an affirmative advertising campaign in order to notify and to educate Culver City residents about how to apply for the upcoming units. Borrower's outreach shall commence at least 120 days prior to the application submission start date and shall include advertising in local newspapers for at least 14 days prior to the application submission date. Borrower shall hold at least one community workshop at least 120 days prior to the application submission deadline that provides instructions on how to apply and what documents must be assembled in order to submit an application. If the Project is awarded funding from the Los Angeles County Development Authority ("LACDA"), then Borrower shall work with LACDA to include an application portal on the Culver City website. In addition, if paper applications are accepted, then Borrower shall insure that such applications are distributed by local Culver City organizations. Lastly, Borrower shall distribute information flyers to the Culver City Unified School District (CCUSD), Upward Bound House, Saint Joseph Center, Urban Alchemy, Exodus Recovery Inc., and other local service providers informing the public about the Project and the application process.

28. Execution of an Exclusive Access Agreement for Jubilo Village for internet services with the City's Culver Connect Municipal Fiber Network Internet Service Provider.

29. Execution of an agreement with the City to locate on the Jubilo Village roof an antenna mast and related equipment for the City's Culver Connect Municipal Fiber Network and related conduit and ongoing power supply at no cost to the City. The City will install and maintain the antenna mast and related equipment at its own cost and at no cost to the Sponsor or Borrower.

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

The amount of Authority's and City's respective loans has been based upon estimated total development costs submitted by Borrower as part of the loan applications documentation. To the extent that actual Project costs are lower, Authority's and City's respective loan amounts may be reduced accordingly so that the minimum necessary public subsidy is provided to the Project. Borrower shall exercise commercially reasonable efforts to apply for other funding sources, and, if awarded, Borrower shall inform Authority and City.

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

Authority, City, Sponsor 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, 2025 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 Ms. Tevis Barnes, Housing and Human Services Director, at tevis.barnes@culvercity.org with questions or comments.

Sincerely,

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

By: _____
John M. Nachbar
Executive Director

APPROVED AS TO CONTENT:

By: _____
Tevis Barnes
Housing and Human Services Director

APPROVED AS TO FORM:

By: _____
Heather Baker
Housing Authority General Counsel

KANE, BALLMER & BERKMAN
Authority Special Counsel

By: _____
Todd C. Mooney

ACKNOWLEDGED AND ACCEPTED:

Community Corporation of Santa Monica

By: _____
Tara Barauskas
Executive Director

4464 Sepulveda Blvd, LP,
a California limited partnership

By: _____
Name: _____
Its: _____

CITY OF CULVER CITY,
a California municipal corporation

By: _____
John M. Nachbar
City Manager

APPROVED AS TO CONTENT:

By: _____
Tevis Barnes
Housing and Human Services Director

APPROVED AS TO FORM:

By: _____
Heather Baker
City Attorney

KANE, BALLMER & BERKMAN
City Special Counsel

By: _____
Todd C. Mooney