MEETING DATE: **07.26.10**

AGENDA ITEM: **Authorization to Execute an Affordable Housing Agreement with 4043 Irving Place Investors, LLC. to Create Nine Moderate and Three Low Income Housing Units at 4043 Irving Place.**

ATTACHMENTS

AFFORDABLE HOUSING AGREEMENT

By And Between

THE CULVER CITY REDEVELOPMENT AGENCY,
a public body, corporate and politic,

and

4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

(4043 Irving Place)

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EXHIBITS

AFFORDABLE HOUSING AGREEMENT

This AFFORDABLE HOUSING AGREEMENT ("Housing Agreement") dated for identification purposes only July 26, 2010 is entered into by and between THE CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic, ("Agency") and 4043 IRVING PLACE INVESTORS, LLC, a California limited liability company ("Developer"). The Agency and Developer (collectively, the "Parties") hereby agree as follows:

RECITALS

A. Developer holds fee title to the "Property" (as such term is defined herein) and intends to implement the "Project" (as such term is defined herein) on the Property in accordance with the terms of this Housing Agreement.

B. The Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California (California Health and Safety Code Section 33000 et seq.).

C. Pursuant to the Community Redevelopment Law, the Agency has established a Housing Set Aside Fund and has deposited therein certain tax revenues made available to the Agency exclusively for the purpose of increasing, improving and preserving the community's supply of affordable low and moderate income housing ("Set Aside Funds").

D. The Agency desires to meet its affordable housing goals pursuant to the Community Redevelopment Law by making a grant or forgivable loan (to be determined as provided herein) of Set Aside Funds in the approximate amount of TWO MILLION SIX HUNDRED THOUSAND SIX HUNDRED TWENTY-SIX DOLLARS ($2,626,000) (the "the Agency Grant") and a loan of Set Aside Funds in the approximate amount of THREE MILLION THREE HUNDRED SIXTY-SIX THOUSAND DOLLARS ($3,366,000.00) (the "the Agency Loan") to assist Developer in funding the development of the Property with one commercial unit and 28 residential rental units, of which 12 will be restricted for occupancy by low and moderate income households at affordable housing cost for a period of 55 years, more specifically, the Project as hereinafter defined.

NOW, THEREFORE, in consideration of the promises and covenants contained herein, the above recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

For purposes of this Housing Agreement, the following capitalized terms shall have the following meanings:

The term "**Affiliate**" shall mean (i) any party directly or indirectly controlling, controlled by or under common control with another party, (ii) any party owning or controlling 10% or more of the outstanding voting securities of such other party, (iii) any officer, director or partner of such party, or (iv) if such other party is an officer, director or partner, any company for which such party acts in any such capacity.

The term "**Affordable Rent**" shall mean the monthly payments charged to and paid by tenants to the Developer for the use and occupancy of a Restricted Unit and facilities associated therewith, including a reasonable allowance for utilities, but shall not include any optional services provided by Developer to residents (i.e., concierge, cleaning or other personal services that are not customarily included in rent). Affordable Rent shall mean

(a) for Low Income Units, rental rates not to exceed thirty percent (30%) times sixty percent (60%) of Area Median Income adjusted for household size appropriate to the unit.

(b) for Moderate Income Units, rental rates not to exceed thirty percent (30%) times one hundred ten percent (110%) of Area Median Income adjusted for household size appropriate to the unit..

As used in this definition of "Affordable Rent" the phrase "adjusted for household size appropriate to the unit" means a household size equal to the number of bedrooms in the unit plus one. Affordable Rent shall include a reasonable utility allowance for tenant-paid utilities based on the Los Angeles County Housing Authority's published utility schedules.

The term "**Agency**" shall mean the Culver City Redevelopment Agency, a public body, corporate and politic, having its offices at 9770 Culver Boulevard, Culver City, CA 90230-0507, and any assignee of, or successor to, the rights, powers, and responsibilities of the Agency.

The term "**Agency Deed of Trust**" shall mean the Deed of Trust with Assignment of Rents attached as Exhibit No. "8" hereto, in which Developer is the Trustor and the Agency is the Beneficiary, which secures the Agency Loan.

The term "**Agency Executive Director**" shall mean the individual duly appointed to the position of Executive Director of the Agency, or authorized designee. Whenever an administrative action is required by the Agency to implement the terms of this Housing Agreement, the Agency Executive Director, or an authorized designee, shall have authority to act on behalf of the Agency, except with respect to matters reserved under California law wholly for determination by the Agency's governing body. By way of example, the Executive Director shall have the authority to issue interpretations, waivers and/or enter into certain implementing agreements to this Agreement on behalf of the Agency and such interpretations, waivers and/or implementing agreements may include extensions of time to perform as specified in any adopted schedule of performance, Permitted Transfer of rights or obligations of Developer, or Permitted Transfer of Developer's interest in the Project, subordination agreements or estoppels in a form acceptable to the Agency Executive Director to evidence that the Agency Loan and Agency Grant is subordinate to the Senior Loan, and other documents in accordance with this

Agreement, as reasonably requested by the Investor or the Senior lender in order to effect a closing of the financing of the Project.

The term "**Agency Grant**" shall mean the Agency's grant or forgivable loan to Developer in an amount not to exceed TWO MILLION SIX HUNDRED TWENTY SIX THOUSAND DOLLARS ($2,626,000.00) of Set Aside Funds, as evidenced by such documents as are reasonably and customarily required to effect a transfer of such funds to Developer or an entity controlled by Developer for payment of Project Costs. The form of the Agency Grant shall be determined pursuant to paragraph (b) of Section 204 of this Agreement.

The term "**Agency Loan**" shall mean the Agency's loan to Developer in an amount not to exceed THREE MILLION THREE HUNDRED SIXTY-SIX THOUSAND DOLLARS ($3,366,000.00) of Set Aside Funds, as evidenced by the Agency Note and secured by the Agency Deed of Trust.

The term "**Agency Loan Documents**" mean the Agency Note, the Agency Deed of Trust, Assignment of Rents, Assignment of Agreements, and Environmental Indemnity.

The term "**Agency Note**" shall mean that certain Promissory Note evidencing the Agency Loan, substantially in the form attached hereto as Exhibit No. "7."

The term "**Agreement Containing Covenants**" shall mean that certain Agreement Containing Covenants and Declaration of Covenants and Restrictions, substantially in the form attached hereto as Exhibit No. "9", which is incorporated herein by this reference.

The term "**Area Median Income**" shall mean the area median income of Los Angeles County, with adjustments for household size, as estimated annually by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 as amended and published by California's Housing and Community Development Department pursuant to Health and Safety Code section 50093.

The term "**Assignment of Agreements**" shall mean the assignments by Developer to the Agency and City of plans, contracts and permits, substantially in the form attached hereto as Exhibit No. "11", which is incorporated herein by this reference.

The term "**Assignment of Rents and Leases**" shall mean a document substantially in the form attached hereto as Exhibit No. "10", which is incorporated herein by this reference.

The term "**Completion**" shall mean, with regard to development of the Project, the satisfaction of each of the following events: (i) the Agency shall have determined that development of the Project has been completed substantially in accordance with the plans approved by the Agency, (ii) certificates of occupancy shall have been issued with respect to all of the Units, (iii) the time for Developer's contractor, suppliers and subcontractors to file a claim pursuant to Civil Code Sections 3115-3117 has expired or Developer has delivered to the Agency unconditional lien releases for its contractor, suppliers and subcontractors, and any mechanic's liens that have been recorded or stop notices that have been delivered have been paid, settled or otherwise extinguished, discharged, released, waived, bonded around or insured against, provided that a notice of completion pursuant to Civil Code Section 3117 has been duly recorded in the land records of Los Angeles County.

The term "**Construction Deed of Trust**" shall mean the deed of trust securing the Construction Loan.

The term "**Construction Financing Event**" shall mean the point in time when all conditions precedent to the funding of the Agency Grant and the Agency Loan have been satisfied, in accordance with the Method of Financing.

The term "**Construction Lender**" shall mean an institutional lender reasonably approved by the Agency Executive Director.

The term "**Construction Loan**" shall mean a loan of construction funds from the Construction Lender in the amount set forth in the final approved Project Budget.

The term "**Construction Loan Documents**" shall mean, in addition to the Construction Deed of Trust, a loan agreement, promissory note, financing statement, guaranties, and similar documents and instruments to be executed by Developer in connection with the Construction Loan.

The term "**Construction Period**" shall mean the period of time commencing upon the Construction Financing Event and ending upon the Conversion Date.

The term "**Conversion Date**" shall mean the date that all of the conditions precedent to the funding of the Permanent Loan have been satisfied and the Construction Loan has been repaid in full.

The term "**Days**" shall mean calendar days and the statement of any time period herein shall be calendar days and not working days, unless otherwise specified.

The term "**Developer**" shall mean 4043 IRVING PLACE INVESTORS, LLC, a California limited liability company, whose address is 6060 Center Drive, Suite 800, Los Angeles, California, 90045, and any permitted assignee or nominee. The manager of the Developer is Renaissance Holding Company, LLC, a California limited liability company whose sole manager is George H. Mitsanas and whose authorized representative is Silvestre Gregory Gonzales. The Developer has been formed as a California limited liability company in which one or more Investors will be admitted in consideration of a capital contribution that will be used by Developer to fund a portion of the cost of acquiring and developing the Site and operating the Project. George Mitsanas shall have sole and exclusive authority to act on behalf of the Developer in all matters under this Agreement and any consent, act, approval or statement by him shall be deemed conclusive evidence of Developer's action with respect to any matter under this Agreement and shall be binding upon Developer.

The term "**Developer Equity**" shall mean funds provided by the Developer for payment of Project Costs and shall not include the Agency Grant or the Construction Loan, the Agency Loan, or any other borrowed funds, and shall include the Deferred Developer Fee and any other funds of the Developer.

The term "**Developer Fee**" means the fee paid to an Affiliate of Developer for development services with respect to the development of the Project, in the amount set forth in the final approved Project Budget, the payment of which shall be due at Completion of the Project but some or all of which may be deferred and payable as an Operating Expense.

The term "**Effective Date**" shall mean the date this agreement is executed by the Agency.

The term "**Eligible Tenant**" shall mean any person entitled to rent a Low Income Unit or a Moderate Income Unit as set forth in the Agreement Containing Covenants.

The term "**Environmental Indemnity**" shall mean the indemnity by Developer, substantially in the form attached hereto as Exhibit No. "12", which is incorporated herein by this reference.

The term "**Escrow**" shall mean that certain escrow with First American Title Company, or another escrow company mutually acceptable to the Agency and the Developer, which has been established for the Construction Financing Event.

The term "**Fannie Mae**" shall mean the government-sponsored enterprise of the same name chartered by United States Congress and under the conservatorship of Federal Housing Finance Agency, and any successor or other entity that shall carry on the purpose of Fannie Mae.

The term "**Freddie Mac**" shall mean the government-sponsored enterprise of the same name chartered by United States Congress and under the conservatorship of Federal Housing Finance Agency, and any successor or other entity that shall carry on the purpose of Freddie Mac.

The term "**Force Majeure**" or "**Force Majeure Event**" shall mean the following events, provided that they actually delay and interfere with the timely performance of the matter to which it would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-outs; riots; systemic failure of the financial markets; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any Governmental Agency (except acts or failure to act of the Agency shall not excuse performance by the Agency); the imposition of any applicable moratorium by a Governmental Agency; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within ten (10) business days after it obtains actual knowledge of the event.

The term "**Force Majeure Delay**" shall mean any delay in taking any action required by this Housing Agreement, proximately caused by the occurrence of any Force Majeure Event.

The term "**Governmental Approvals**" shall mean and include any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act, tentative and final tract maps, variances, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any Governmental Agency in order to commence and complete the Project.

The term "**Governmental Agency**" means the United States, the State of California, the County of Los Angeles, the City of Culver City or any other political subdivision in which the Property is located, and any court or political subdivision, agency or instrumentality having jurisdiction over the Property.

The term "**Hazardous Substances**" shall have the meaning set forth in the Environmental Indemnity.

The term "**Housing Agreement**" or "**Agreement**" shall mean this Affordable Housing Agreement executed by and between the Agency and Developer, including all exhibits attached hereto, which exhibits are incorporated herein by this reference and all other documents incorporated herein by reference.

The term "**Improvements**" shall mean the improvements to be developed on the Property in accordance with this Housing Agreement, including but not limited to the Scope of Development.

The term "**Investor**" shall mean a person or entity, or Affiliate of such person or entity who (i) has been properly qualified as an investor in the Developer under applicable federal and state law and (ii) has obtained or is contractually obligated to obtain an ownership interest in the Developer for value under terms deemed reasonable by Developer and (iii) will not exercise management or control of the Developer, other than customary investor democracy rights. The term "Investor" shall not include (i) elected officials, officers or employees of the Agency or the City of Culver City or any member of such person's immediate family and (ii) persons or entities who are listed in the Specially Designated Nationals records maintained by the United States Department of Treasury's Office of Foreign Assets Control.

The term "**Land Lender**" shall mean 1st Century Bank or another institutional lender selected by the Developer.

The term "**Land Loan**" shall mean a loan of Property acquisition funds from the Land Lender, which loan will be repaid in full at the Construction Financing Event.

The term "**Lease**" means the lease entered into between Developer and an Eligible Tenant of a Low Income Unit or a Moderate Income Unit in the Project.

The term "**Low Income Household**" shall have the meaning given to "lower income household" in Health and Safety Code section 50079.5(a), generally being a household whose income does not exceed 80% of the Area Median Income adjusted for family size.

The term "**Low Income Unit**" shall mean one of the two (2) two-bedroom and one (1) one-bedroom rental dwelling units in the Project restricted to occupancy by Low Income Households.

The term "**Managing Member**" shall mean Renaissance Holding Company, LLC, a California limited liability company.

The term "**Method of Financing**" shall mean the Method of Financing attached hereto as Exhibit No. "3", which is incorporated herein by this reference.

The term "**Moderate Income Household**" shall mean a household whose income does not exceed 120% of Area Median Income adjusted for family size.

The term "**Moderate Income Unit**" shall mean one of the five (5) two-bedroom and four (4) one-bedroom rental dwelling units in the Project restricted to occupancy by Moderate Income Households.

The term "**Net Proceeds**" shall mean the proceeds of a sale, transfer or refinancing after repayment of existing indebtedness and other liens and charges on the Property, less the reasonable and customary costs of the transaction.

The term "**Notice of Affordability Restrictions**" shall mean the notice required by Health & Safety Code Section 33334.3(f) to be recorded against the Property, substantially in the form of Exhibit No. "14" attached hereto.

The term "**Operating Costs**" shall have the same meaning as the definition of Annual Operating Expenses set forth in the Agency Note.

The term "**Permanent Deed of Trust**" shall mean the deed of trust securing the Permanent Loan.

The term "**Permanent Lender**" shall mean an institutional lender reasonably approved by the Agency Executive Director.

The term "**Permanent Loan**" shall mean a loan from the Permanent Lender to repay the Construction Loan, in the amount set forth in the final approved Project Budget.

The term "**Permanent Loan Documents**" shall mean, in addition to the Permanent Deed of Trust, a loan agreement, promissory note, financing statement, guaranties, and similar documents and instruments to be executed by Developer in connection with the Permanent Loan.

The term "**Permitted Transfer**" shall mean any Transfer that is approved by the Agency or expressly permitted by the terms of this Housing Agreement.

The term "**Plans**" shall mean any architectural and construction plans and drawings prepared on behalf of Developer for the Project in accordance with this Housing Agreement.

The term "**Project**" shall mean generally the development on the Property of one commercial unit and 28 residential Units (including one manager's unit), and the subsequent rental of the three (3) Low Income Units and the nine (9) Moderate Income Units to Eligible Tenants, all at Affordable Rent for a period of not less than 55 years, pursuant to the procedures set forth herein and more particularly described in the Scope of Development and Agreement Containing Covenants.

The term "**Project Budget**" shall mean the sources and uses of funds for development of the Project as set forth in Exhibit No. "6." The Project Budget and Developer's proposed method of financing shall be subject to change from time-to-time, subject to the prior written approval of Developer and the Agency Executive Director and subject to and conditioned on such further review and approval by the Agency's governing board as is needed to satisfy applicable law, policies and procedures, upon which approval the Project Budget shall be replaced by the approved revised Project Budget.

The term "**Project Costs**" shall mean all costs which are actually incurred by Developer for the development of the Project, and shall include, without limitation, all of the items of cost set forth in the Project Budget and similar costs, fees and expenses as approved by the Agency Executive Director, but not including Operating Costs.

The term "**Property**" shall mean that certain real property located in the City of Culver City, County of Los Angeles, State of California, commonly known as 4043 Irving Place, Culver City, California, and legally described in Exhibit No. "1" and depicted on the Property Map attached hereto as Exhibit No. "2".

The term "**Release of Construction Covenants**" shall have the meaning set forth in Section 316 of this Housing Agreement.

The term "**Restricted Period**" shall mean not less than fifty-five (55) years from the recordation of the Release of Construction Covenants for the Project.

The term "**Restricted Units**" shall mean the Low Income Units and the Moderate Income Units.

The term "**RHC**" shall mean Renaissance Holding Company, LLC, a California limited liability company and the sole manager of 4043 Irving Place Investors, LLC, the Developer.

The term "**Schedule of Performance**" shall mean that certain schedule attached hereto as Exhibit No. "4", setting forth the times upon which performance by the parties under this Housing Agreement is due.

The term "**Scope of Development**" shall mean that certain exhibit attached hereto as Exhibit No. "5."

The term "**Senior Deed of Trust**" shall mean, individually and collectively, the Construction Deed of Trust and the Permanent Deed of Trust.

The term "**Senior Lender**" shall mean, individually and collectively, the Construction Lender and the Permanent Lender.

The term "**Senior Loan**" shall mean, individually and collectively, the Construction Loan and the Permanent Loan.

The term "**Senior Loan Documents**" shall mean, individually and collectively, the Construction Loan Documents and the Permanent Loan Documents.

The term "**Set Aside Funds**" shall mean and be limited to that portion of the Agency's general property tax increment allocation set aside pursuant to CRL Section 33334.2 for the purposes of increasing, providing and preserving the community's supply of low and moderate income housing available at an affordable housing cost to persons and families of low or moderate income.

The term "**Transfer**" shall mean:

(i) the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph (iii), below.

(ii) "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Developer, or any conversion of Developer to an entity form other than that of Developer at the time of execution of this Housing Agreement, except that, a cumulative change in ownership interest of any member of the Developer of forty-nine percent (49%) or less shall not be deemed a "Transfer" for purposes of this Housing Agreement.

(iii) Notwithstanding paragraphs (i) and (ii), "Transfer" shall not include any of the following Permitted Transfers:

(A) Any mortgage, deed of trust, or other form of conveyance for the Senior Loan, but Developer shall deliver to the Agency in advance the proposed documents for effectuating any such mortgage, deed of trust, or other form of conveyance for the Senior Loan.

(B) Any mortgage, deed of trust, or other form of conveyance for refinancing of the Senior Loan, provided that, Developer must not receive any Net Proceeds from such refinancing and Developer shall deliver to the Agency in advance the proposed documents for effectuating the refinancing.

(C) The granting of easements to any appropriate governmental agency or utility or permits to facilitate the development of the Property.

(D) A Transfer resulting from or in connection with a reorganization, merger or conversion of Developer in which the ownership interests of Developer are assigned directly or by operation of law to a person or persons, partnership, limited liability company or corporation ("Resulting Entity") which acquires the control or the ownership of Developer or all or substantially all of the assets of Developer so long as such Resulting Entity is under the control of either (i) RHC for so long as George H. Mitsanis remains the sole manager of RHC, or (ii) George H. Mitsanas directly.

(E) the conveyance of title to the Property or Project in connection with a foreclosure, a deed in lieu of foreclosure or similar conversion of such loan;

(F) A conveyance of the Project to a limited liability company in which the Managing Member is Developer or Developer's Managing Member, or a sale back from such company to Developer or Developer's Managing Member.

(F) Any refinancing that repays any of the Permanent Loan and results in Net Proceeds to the Developer (such refinancing referred to herein as a "Take-out Loan"), if (i) the Agency Executive Director reasonably determines (which determination shall not be unreasonably withheld) that the resulting loan-to-value ratio (including the Take-out Loan, any of the remaining Permanent Loan not repaid by the refinancing, and the Agency Loan) will not exceed seventy-five percent (75%) and the debt service coverage ratio for the Take-out Loan is at least 1.25 and (ii) the Agency receives its share of Net Proceeds due and payable to the Agency under the Agency Note.

(G) The leasing for occupancy of all or any part of the Property or Project in accordance with this Housing Agreement and the Agreement Containing Covenants.

(H) The inclusion of equity participation by Developer by transfer or addition of Investors or similar mechanism.

(I) A sale or Transfer of an ownership interest in Developer to an Investor and the admission of Investor to the Developer or the redemption or sale of any interest of an Investor to any other Investor;

(J) A sale or Transfer of ownership interests in Developer owned beneficially by George H. Mitsanas, whether directly or indirectly, made for the purpose of effecting personal estate planning for George H. Mitsanas or his estate and heirs and which does not diminish in any way the management or control of Developer by George H. Mitsanas.

The term "**Units**" shall mean the one commercial unit and the twenty-eight (28) dwelling units, including one manager's unit, comprising the Project.

ARTICLE II SUBJECT OF THIS AGREEMENT; TERMS OF FINANCING

Section 201 Purpose of Agreement

(a) The purpose of this Housing Agreement is to promote affordable housing by providing the Agency Grant in an amount equal to TWO MILLION SIX HUNDRED TWENTY-SIX THOUSAND DOLLARS ($2,626,000), and the Agency Loan in an amount equal to THREE MILLION THREE HUNDRED SIXTY-SIX THOUSAND DOLLARS ($3,366,000), as evidenced by the Agency Note secured by the Agency Deed of Trust, to assist Developer in the construction and operation of affordable housing in the City of Culver City.

(b) This Housing Agreement is intended to facilitate Developer's construction of the Project and rental of the Low Income Units and the Moderate Income Units to Low Income and Moderate Income Households for a period of not less than 55 years. The Project pursuant to this Housing Agreement and the fulfillment generally of this Housing Agreement are in the vital and best interests of the Agency and the City and the health, safety welfare of the City's residents, and are in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements under which the Project has been undertaken and is being assisted.

Section 202 The Redevelopment Plan

The purpose of this Agreement is to implement the Community Redevelopment Law of the State of California (California Health and Safety Code Sections 33000 *et seq.*) (the "CRL") and the Redevelopment Plan ("Redevelopment Plan") for the Culver City Redevelopment Project ("Project Area") by increasing, improving and preserving the supply of moderate income housing in the community. The Agency intends this Housing Agreement to meet its obligations pursuant to *Health and Safety Code* Sections 33413, 33334.2 and, if applicable, 33413(b)(2)(A)(ii).

Section 203 <u>Prohibition Against Transfers</u>

(a) The qualifications and identity of the Developer are of particular concern to the Agency. It is because of those qualifications and identity that the Agency has entered into this Housing Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Housing Agreement except as expressly set forth herein.

(b) Except for the Permitted Transfers set forth in this Housing Agreement's definition of the term "Transfer," the Developer shall not assign all or any part of this Housing Agreement without the prior written approval of the Agency Executive Director which shall be given or withheld within thirty (30) days of the Agency's receipt of all of the information, documents and instruments required under this paragraph. The Agency's approval shall not be unreasonably withheld or delayed, and the Agency shall consent to any such Transfer by the Developer, without any adjustment to the financial terms and conditions of this Agreement, if prior to such Transfer, each of the following requirements is satisfied: (1) the Developer submits or causes to be submitted to the Agency all information reasonably requested for the Agency to make its determination required hereunder; (2) there is no event of default continuing under this Agreement, the Agreement Containing Covenants or the Agency Loan Documents; (3) the transferee executes an assumption agreement that is reasonably acceptable to the Agency and that, among other things, requires the transferee to perform all obligations of the Developer set forth in this Agreement, the Agreement Containing Covenants and the Agency Loan Documents; (4) the Developer pays, or causes the proposed transferee to pay, the amount of the Agency's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request; and (5) the Agency reasonably determines that the proposed transferee has the qualifications and financial responsibility necessary and adequate to fulfill the obligations undertaken in this Housing Agreement by the Developer. There shall be submitted to the Agency for review all instruments and other legal documents proposed to affect any such Transfer, and if approved by the Agency Executive Director, its approval shall be indicated to the Developer in writing.

(c) For the reasons cited above, the Developer represents and agrees for itself and any successor in interest that, except for the Permitted Transfers set forth in this Housing Agreement's definition of the term "Transfer," without the prior written approval of the Agency Executive Director, there shall be no cumulative change in ownership interest of any managing member of greater than 49%, or with respect to the identity of the parties in control of the Developer or the degree thereof, by any method or means.

(d) The Developer shall promptly notify the Agency of any and all changes whatsoever in the identity of the parties in control of the Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. This Housing Agreement may be terminated by the Agency and the Agency may exercise any and all available remedies, if there is any significant change (voluntary or involuntary) in membership, management or control, of the Developer (other than such changes occasioned by the death or incapacity of any individual) other than Permitted Transfers.

(e) A Transfer approved by the Agency Executive Director shall be deemed to relieve the Developer from its obligations under this Housing Agreement only if the approved transferee expressly assumes all of the obligations of the Developer under this Housing Agreement and agrees to be subject to all conditions and restrictions applicable to the Developer in this Housing Agreement. Notwithstanding the foregoing, no Transfer, approved or otherwise, shall operate to relieve the Developer of its indemnification obligations related to the Developer's ownership and operation of the Project.

(f) Consent to one Transfer shall not be deemed to be a waiver of the right to require consent to future or successive Transfers.

Upon expiration of the term of the Agreement Containing Covenants, the provisions of this Section 203 shall be of no further force or effect.

Section 204 <u>Agency Assistance</u>

(a) The total estimated cost of the Project is approximately $14,021,400, as further described in the Project Budget and Method of Finance. This estimated cost includes the Property acquisition costs and the hard and soft costs of constructing the Project. The "Agency Assistance" consists of the Agency Loan and the Agency Grant. Developer shall use all Agency Assistance for approved Project costs and Developer shall certify such use to Agency upon Completion, in a form reasonably acceptable to the Agency Executive Director.

(b) The Agency will cooperate with the Developer in providing the Grant to Developer in a manner which minimizes any adverse tax consequences to the Developer associated with the receipt of the Agency Grant. In this regard, the parties contemplate that the Agency Grant will be converted to a forgivable loan. However, if a forgivable loan creates a substantial risk of adverse tax consequences to the Developer, Developer and Agency will determine an appropriate alternative form for providing such funds, which may among other alternatives include providing the Agency Grant to a corporation affiliated with Developer so as to effect a nonshareholder contribution under Section 118 of the Internal Revenue Code or providing the Agency Grant to an exempt organization, so long as the proceeds of the Agency Grant are used for the purposes intended under this Agreement and so long as the recipient of the Agency Grant is under the control of the Developer.

(c) The Agency agrees that this Agreement and the Agency Loan Documents and any Agency Grant documents, but not the Agreement Containing Covenants, shall be made junior and subordinate to the Senior Loan Documents given in connection with the Senior Loan, including any Agency approved refinancing thereof established and obtained pursuant to and in compliance with the provisions of this Agreement. The Executive Director of the Agency is hereby authorized to execute such subordination agreements, intercreditor agreements, stand still agreements, modifications to this Agreement and the Agency Loan Documents and any Agency

Grant documents, and/or other documents as may be reasonably requested by the Senior Lender(s) to evidence subordination to the Senior Loans, without further authorization from the Agency, provided that such agreements contain written provisions as are reasonably designed to protect the Agency's investment in the Project and which are consistent with the standard requirements imposed by Fannie Mae or Freddie Mac, as applicable, on subordinate cash flow obligations under their then existing financing programs.

(d) Developer acknowledges that the Agency Loan and all Set Aside Funds expenditures are subject to all terms and conditions of the Agency, this Agreement, and any other local, state or federal agency with jurisdiction over the source of these funds and that the Project will be developed, constructed, and operated in accordance with the City of Culver City's standards and regulations and this Agreement. It is expressly understood and agreed by the parties that this section does not limit the amount of costs that may be charged or imposed by the City for the Project or the Project approvals.

Section 205 <u>Developer's Conditions Precedent to Construction Financing Event</u>

(a) The Developer's obligation to accept the Agency Loan and the Agency Grant shall be conditioned and contingent upon satisfaction or Developer's waiver of each of the following conditions precedent (collectively, the "Developer's Conditions to Closing"):

(i) Developer shall have obtained evidence of financing commitments in an amount sufficient to develop the Project on reasonable terms and conditions contemplated by the Developer, after using commercially reasonable efforts to obtain such commitments.

(ii) Developer shall have obtained Developer Equity in the amount set forth in the Method of Financing and the Project Budget, after using commercially reasonable efforts to obtain such Developer Equity.

(iii) Developer shall have obtained from the City all required approvals and permits, including site plan review, conditional use, subdivision, building, grading, landscaping, and others for the development of the Property as the Project, after using commercially reasonable efforts to obtain such approvals and permits.

(iv) No litigation shall be threatened or pending which seeks to prevent the construction or operation of the Project, or any part thereof, according to the terms set forth in this Agreement.

(v) The Agency Loan and the Agency Grant are not deposited in the escrow established for the disbursement of those funds and such failure of the Agency is not the result of Developer's failure to satisfy the Agency's Conditions to Closing set forth in the Method of Financing.

(vi) The Agency shall not be in material default in any of its obligations set forth in this Agreement and all representations and warranties of Agency contained herein shall be true and correct in all material respects.

(b) In the event any of the Developer's Conditions to Closing are not satisfied (or waived by the Developer) by the date set forth in the Schedule of Performance for the occurrence of the Construction Financing Event, and the Developer is not in default under the Housing Agreement, the Developer may cancel the Escrow and terminate the Housing Agreement by delivering ten (10) days prior written notice to the Agency and the Escrow agent. Agency may nullify the notice to terminate if such notice is given as a result of Agency's failure to deposit the Agency Loan and the Agency Grant into Escrow, within such ten (10) day period Agency (at no cost to the Developer) cures such unsatisfied Developer's Condition to Closing and notifies the Escrow agent of such cure. In the event of termination pursuant to this paragraph, (i) the Escrow shall be cancelled and any funds deposited by the parties shall be returned to them with any interest earned on such funds; (ii) Developer shall be responsible for any escrow cancellation fees imposed by the Escrow agent unless the termination is a result of Agency's uncured failure to deposit the Agency Loan and the Agency Grant into Escrow, in which case the Agency shall be responsible for the escrow cancellation fees; and (iii) the Housing Agreement shall be terminated and the parties shall have no further rights or obligations thereunder.

ARTICLE III DEVELOPMENT OF THE PROJECT

Section 301 Scope of Development

The Property shall be developed in accordance with and within the limitations established in the Scope of Development and plans approved by the Agency pursuant to this Housing Agreement and permits issued by the City of Culver City. It is anticipated that Developer will contract for performance of specific activities, including but not limited to activities such as site inspections and management of the Units. Such contracts shall not in any way diminish or waive Developer's obligations under this Housing Agreement. During the construction process, the Developer may, without the consent of the Agency, make any modification or change to the Scope of Development and the Project Budget and the sources and uses of funds from time to time required by Senior Lenders or Investors and approved by the Project architect and any governmental authority whose approval is required, so long as the modification or change does not (i) change the number, layout or size of the Restricted Units, (ii) change the appliances, fixtures or finishes of the Restricted Units, (iii) increase the Agency's financial obligations, (iv) increase the amount of the Construction Loan, or (iv) constitute a breach of the Developer's express obligations, warranties or covenants hereunder; provided that the Developer shall deliver a copy of any revised Scope of Development and/or Project Budget to the Agency.

Section 302 Construction Drawings and Related Documents

(a) Developer shall prepare and submit construction drawings and related documents, including bid sets, for the development of the Project to the Agency for review (including, but not limited to, architectural review) and written approval at the times established in the Schedule of Performance. The construction drawings and related documents shall be submitted in two stages, preliminary and final drawings, plans and specifications. Final drawings, plans, and specifications are hereby defined as those in sufficient detail to obtain a building permit. Any items so submitted and approved in writing by the Agency shall not be subject to subsequent disapproval. Agency approval shall not be unreasonably withheld.

(b) Progressively detailed plans shall be approved by the Agency if building elevations, exterior spaces and areas open to public view do not vary and the plans otherwise do not materially vary from previously approved plans, and if they are a logical evolution of previously approved plans and conform to the provisions of the Scope of Development. In the event of the disapproval by the Agency of any plans submitted by Developer, the Agency shall promptly communicate in writing to Developer all reasons for such disapproval and all requirements for subsequent approval of revised plans.

(c) During the preparation of all drawings and plans, the Agency staff and Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of construction plans and related documents by the Agency. The Agency staff and Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Agency can receive timely consideration.

(d) If any revisions or corrections of plans approved by the Agency shall be required by a governmental official, agency, department or bureau having jurisdiction over the development of the Property, Developer and the Agency shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative. Neither the Agency nor Developer shall unreasonably withhold approval of a mutually acceptable alternative.

Section 303 Agency Approval of Plans, Drawings and Related Documents

(a) As provided in Section 302, the Agency shall have the right of reasonable review (including, but not limited to, architectural review) of all plans, drawings and related documents for the development of the Property, including any proposed changes therein. The Agency Executive Director or designee shall approve or disapprove such plans, drawings, and related documents referred to in this Housing Agreement (and any proposed changes therein), in writing, within the times established in the Schedule of Performance. Any disapproval shall state, in writing, the reasons for disapproval. Developer, upon receipt of a disapproval shall revise such portions of the plans, drawings or related documents in a manner that satisfactorily addresses the reasons for disapproval and resubmit such revised portions to the Agency as soon as possible after receipt of the notice of disapproval. The Agency shall approve or disapprove such revised portions in the same manner and within the same times as provided in this Section 303 for approval or disapproval of plans, drawings, and related documents initially submitted to the Agency. No matter once approved shall be subsequently disapproved.

Section 304 Cost of Development

(a) Except as otherwise expressly set forth in this Housing Agreement and except for the Agency Loan and the Agency Grant, the cost of developing the Property shall be the responsibility of the Developer, as provided in the Method of Financing. The Project Costs are set forth in the Project Budget, which shall be subject to change from time-to-time as provided in the Method of Financing.

(b) The Developer has proposed, and the Agency has approved, the Project Budget appended to this Housing Agreement. Developer acknowledges that the Agency is relying on Developer's experience and expertise in establishing the costs for the Project and Developer represents that the Project Budget is based on the best, good faith estimate of the Developer of the costs that are likely to be incurred for the Project.

Section 305 Schedule of Performance

(a) Developer and the Agency shall perform all acts respectively required of such party in this Housing Agreement within the times provided in the Schedule of Performance.

(b) After the Construction Financing Event, Developer shall promptly begin and thereafter diligently prosecute to completion the development of the Property as provided in the Scope of Development. Developer shall begin and complete all development within the times specified in the Schedule of Performance, with such reasonable extensions of said times as may be granted by the Agency. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing by Developer and the Agency Executive Director.

(c) During periods of construction, Developer shall submit to the Agency a written report of the progress of construction when and as requested by the Agency, but not more frequently than monthly. The report shall be in such form and detail as may be reasonably required by the Agency and shall include a reasonable number of construction photographs (if requested) taken since the last report by Developer.

Section 306 Local, State, and Federal Laws

(a) Developer hereby agrees to carry out development, construction (as defined by applicable law) and operation of the Project on the Property, including, without limitation, any and all public works (as defined by applicable law), in conformity with all applicable local, state and federal laws, rules and regulations and all applicable federal and state labor laws (including, without limitation, any requirement to pay state prevailing wages). As all of the Agency Assistance to Developer is from Set-Aside Funds and is being used exclusively for the low income housing portion of the Project, the parties do not anticipate that the Project would be considered to be a "public work" "paid for in whole or in part out of public funds," as described in California Labor Code Section 1720. Nevertheless, Developer hereby expressly acknowledges and agrees that neither City of Culver City nor the Agency has ever previously affirmatively represented to the Developer or its contractor(s) for the Project in writing or otherwise, in a call for bids or otherwise, that the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. Developer hereby agrees that Developer shall have the obligation to provide any and all disclosures, representations, statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer hereby agrees that Developer shall have the obligation to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. The Developer hereby agrees that the Developer shall have the obligation, at the Developer's sole cost, risk and expense, to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Developer shall indemnify, protect, defend and hold harmless the Agency, City and their respective officers, employees, contractors and agents, with counsel reasonably acceptable to the Agency and City, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (3) failure by Developer to provide any required disclosure, representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; (4) failure by Developer to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by the Developer to obligate any party as may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. It is agreed by the parties that, in connection with the development, construction (as defined by applicable law) and operation of the Project, including, without limitation, any public work (as defined by applicable law), Developer shall bear all risks of payment or non-payment of state prevailing wages and/or the implementation Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. At the request of the Developer, the Agency shall reasonably cooperate with and assist the Developer in its defense of any such claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense; provided that the Agency shall not be obligated to incur any expense in connection with such cooperation or assistance. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time. The foregoing indemnity shall survive termination of this Housing Agreement and shall continue after recordation of the Release of Construction Covenants.

(b) Developer shall be responsible for obtaining all Permits and land use approvals required by the City for the development of the Property, ensuring that the use of the Property for the purposes described in this Housing Agreement complies with the zoning and other City land use regulations (including any applicable exemptions and/or exceptions) applicable to the Property at the time of Construction Financing Event.

(c) Prior to or concurrently with the Construction Financing Event, Developer shall satisfy all conditions to the issuance of any Permit required for the development of the Property. The Agency shall provide reasonable assistance to Developer in obtaining these permits.

(d) This Housing Agreement is not a "Development Agreement" as provided in Section 65864 et seq. of the California Government Code. Developer shall comply with all applicable conditions of approval required by the City of Culver City.

Section 307 Nondiscrimination During Construction

Developer, for itself and its successors and assigns, agrees that during the construction of the Improvements provided for in the Housing Agreement, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

Section 308 Insurance

Developer shall procure and maintain, during the term of this Housing Agreement, at its sole cost and expense, until the date that the Agency waives any such insurance requirement or requirements in writing, the following policies of insurance on a Project specific basis:

(a) Workers' Compensation Insurance. Pursuant to *California Labor Code* Section 1861, Developer acknowledges awareness of Section 3700 *et seq*. of said code, which requires every employer to be insured against liability for workers' compensation. Developer covenants that it will comply with such laws and provisions prior to commencing any work of construction on the Property. To the extent Developer directly employs personnel at the Project, Developer shall maintain such Workers' Compensation Insurance in an amount not less than the statutory requirements in California for bodily injury and disease and must maintain employer's liability coverage in an amount not less than ONE MILLION DOLLARS ($1,000,000.00). Developer shall require all contractors to provide such Workers' Compensation Insurance for all of the contractors' and subcontractors' employees. Developer shall furnish the Agency with a certificate of waiver of subrogation under the terms of the Workers' Compensation Insurance and Developer shall similarly require all contractors and subcontractors to waive subrogation.

(b) General Liability and Auto Insurance. Developer shall carry general commercial liability insurance, including coverage for bodily injury, property damage, products/completed operations and blanket contractual liability in an amount not less than TWO MILLION DOLLARS ($2,000,000.00) per occurrence and FOUR MILLION DOLLARS ($4,000,000.00) annual aggregate, combined single limit for bodily injury and property damage. All such insurance shall be provided by insurance companies admitted in California, or if not admitted in California, then reasonably acceptable to the Agency. Such insurance shall name the Agency and its officers, agents, and employees acting in their official capacity, as additional insureds. Developer shall carry automobile insurance, including liability coverage for bodily injury and property damage in an amount not less than ONE MILLION DOLLARS ($1,000,000.00) per occurrence. Developer shall require its insurer to waive its subrogation rights against the Agency and shall provide certificates of insurance evidencing same.

(c) Property Insurance. Developer shall obtain and maintain in force, all-perils (to include fire and vandalism protection) property insurance with extended coverage endorsements thereon, on the Property, in an amount equal to the full replacement costs and/or value thereof; this policy shall contain a replacement cost endorsement naming the Agency as insured and shall not contain a coinsurance penalty provision. The policy shall contain a lender's loss payable endorsement that such proceeds shall be used to repair or rebuild any Units or other improvements situated on the Property so damaged or destroyed; and, if not so used, such proceeds shall be paid to the Agency. The proceeds of any such insurance payable to the Agency shall be used for rebuilding or repair as necessary to restore the site at the sole discretion of the Agency. The policy shall name the Agency and its officers, agents and employees acting in their official capacity as additional insureds.

(d) Certificate of Insurance; Additional Insured Endorsements. Prior to the Construction Financing Event, Developer shall furnish to the Agency certificates of insurance and additional insured endorsements evidencing the foregoing insurance coverages as required by this Housing Agreement. Such certificates and endorsements shall be subject to the reasonable approval of the Agency' legal counsel and shall provide the name and policy number of each carrier and policy and shall state that the policy is currently in force and shall promise to provide that such policies will not be cancelled without thirty (30) days prior written notice to the Agency.

(e) If Developer fails or refuses to procure or maintain insurance as required by this Housing Agreement, the Agency shall have the right, at the Agency's election, and upon ten (10) days prior notice to Developer, to procure and maintain such insurance. The premiums paid by the Agency shall be treated as a loan, due from Developer, to be paid on the first day of the month following the date on which the premiums were paid. The Agency shall give prompt notice of the payment of such premiums, stating the amounts paid and the name of the insured(s).

Section 309 Indemnification

(a) Developer and its successors-in-interest shall indemnify, defend and hold harmless the City and the Agency, their elected and appointed officials, officers, employees, agents, contractors and consultants (individually and collectively, the "Indemnitees") from and against any and all claims, lawsuits, judgments, liability, injury or damage, including without limitation associated and reasonably incurred attorneys' fees and court and litigation costs arising out of the defense of any such claims and/or lawsuits, and actual attorneys' fees and court and litigation costs that may be awarded by the court and required to be paid by the Indemnitees arising from or as a result of (i) Developer's failure to perform any obligations as and when required by this Agreement or any document referred to herein, and (ii) the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person which shall occur on the Property and which shall be directly or indirectly caused by the acts of, or any errors or omissions of, the Developer or its officers, shareholders, directors, members, agents, servants, employees, contractors, or invitees. Developer shall not be responsible for any liability, loss, damage, cost, or expense (including reasonable attorney's fees and court costs) arising from or as a result of the sole negligence or sole willful misconduct of the Indemnitees. No deficiency judgment may be obtained against the Developer except for actual or constructive fraud, material intentional misrepresentation, intentional bad faith waste of or on the Project and such other matters as are referred to below. Consequently, no deficiency amount may be recovered from Developer under the provisions hereof, except as may be provided herein. Notwithstanding the generality of the foregoing, however, Developer shall, except as to the sole negligence or willful misconduct of Indemnitees, indemnify, defend, protect and hold Indemnitees harmless from and against any and all loss, damage, liability, action, cause of action, cost or expense, including, without limitation, reasonable attorneys fees and expenses incurred by the Indemnitees, arising as a result of any (i) fraud or material intentional misrepresentation by the Developer under or in connection with this Agreement, the Agreement Containing Covenants or the Agency Loan Documents; (ii) intentional bad faith waste of the real property encumbered by the Agency Deed of Trust; and (iii) losses resulting from the Developer's failure to maintain insurance as required under the provisions of the Agency Deed of Trust.

(b) The City and/or Agency shall have the sole discretion to select legal counsel to represent the City's and/or Agency's legal interests in the defense of any such lawsuits, claims or other actions filed against the City and/or Agency. City and Agency shall hire joint outside legal counsel, except to the extent separate counsel is necessary, such as where there may be a potential conflict of interest between them.

Section 310 Disclaimer of Responsibility by the Agency

Except as otherwise expressly provided in this Housing Agreement, the Agency neither undertakes nor assumes nor will have any responsibility, right or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the Property, whether with respect to the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same or otherwise. Developer and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by the Agency in connection with such matter is for the public purpose of providing affordable housing, and neither Developer (except for the purposes set forth in this Housing Agreement) nor any third party is entitled to rely thereon.

Section 311 Rights of Access

The Agency shall have the right, at its sole risk and expense, to enter the Property or any part thereof at reasonable times and with as little interference as possible, for the purpose of inspecting the Property to determine Developer's compliance with this Housing Agreement. All residential leases shall provide for such right of the Agency. The representatives of the Agency entering the Property shall be identified in writing in advance by the Agency Executive Director (or his or her designee). Any such entry shall be made only after reasonable notice to Developer, and the Agency shall indemnify and hold Developer harmless from any claims or liabilities pertaining to such entry. Any damage or injury to the Property resulting from such entry shall be promptly repaired at the sole expense of the Agency.

Section 312 Taxes, Assessments, Encumbrances and Liens

Subject to Developer's right to claim any exemption to which it may be entitled under State law, Developer shall be responsible for paying when due all real estate taxes and assessments, if any, assessed and levied on or against the Property or any portion thereof or interest therein. Developer shall not place, or allow to be placed, on the Property or any portion thereof or interest therein, any mortgage, trust deed, encumbrance (excluding easements not unreasonably interfering with the use of the Property) or lien (excluding mechanic's liens paid prior to foreclosure or liens for current year property taxes not paid) except the Permitted Transfers. Developer shall remove, or shall have removed, any levy or attachment made on the Property (or any portion thereof or interest therein), or shall assure the satisfaction thereof within a reasonable time but in any event prior to foreclosure. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amount of any tax, assessment, encumbrance or lien, nor to limit the remedies available to Developer in respect thereto. The covenants of Developer set forth in this Section 312 relating to the placement of any unauthorized mortgage, trust deed, encumbrance or lien, shall remain in effect until issuance of the Release of Construction Covenants.

Section 313 Security Financing; Right of Holders

(a) Permitted Encumbrances. Developer shall be permitted to enter into mortgages, deeds of trust or other form of conveyance in which the Property is used as security for the purpose of securing the Senior Loans and any other loans of funds to be used for the implementation of the Project provided such conveyance (i) is for the purposes permitted herein and (ii) is given to a financial or lending institution or other acceptable person or entity capable of performing or causing to be performed Developer's obligations under this Agreement, including without limitation a pension fund, insurance company, or real estate investment trust. Any and all such loan amounts and security conveyances shall be subject to the prior approval of the Agency's Executive Director, which approval shall not be unreasonably withheld.

(b) Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the Agency shall deliver any notice or demand to Developer with respect to any breach by Developer in performance of this Housing Agreement, it will endeavor at the same time to deliver a copy of such notice or demand to each approved holder of record of any mortgage, deed of trust, or other security interest which has previously requested such notice in writing. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option within ninety (90) days after the receipt of the notice, to commence and thereafter to diligently proceed to cure or remedy such default and add the cost thereof to the security interest debt and the lien on its security interest. Any holder completing the development of the Property in accordance with this Housing Agreement shall be entitled to a Release of Construction Covenants upon written request made to the Agency.

Section 314 Rights to Plans

(a) Subject to the rights of, and senior assignments to, the beneficiaries of the Senior Deed of Trust (the "Senior Beneficiaries"), all work product prepared pursuant to this Housing Agreement, including (but not limited to), all Plans, construction documents, soils tests and similar reports, Permits and other entitlements are hereby assigned to the Agency as security for Developer's obligations hereunder. In the event that this Housing Agreement is terminated by the Agency due to a default by Developer which is not timely cured, Developer shall, within ten (10) days of such termination, transmit all such work product to the Agency.

(b) To effectuate the assignment described in paragraph (a), concurrently with executing this Housing Agreement, Developer shall execute and deliver to the Agency an Assignment of Agreements (the "Assignment"), substantially in the form attached to this Housing Agreement as Exhibit No. 11", granting to the Agency all of Developer's rights to: (1) the Plans prepared pursuant to this Housing Agreement; (2) the contracts between Developer and its architect and between Developer and its general contractor; (3) all Permits relating to the Project; and all similar rights and property interests.

Section 315 Hazardous Materials

(a) Indemnification. Developer, from and after the Construction Financing Event shall indemnify, defend, and hold harmless the Agency and its officers, employees, agents and representatives (collectively, the "Indemnified Parties") from and against any and all liabilities (including penalties, fines and monetary sanctions) arising from a violation of state or federal law pertaining to (i) the storage of Hazardous Materials on the Property or (ii) contamination of the Property by a release of Hazardous Materials. Developer, prior to the Construction Financing Event, shall provide to the Agency a copy of any notices, orders, or reports concerning the presence of any Hazardous Materials on or affecting the Property that is in Developer's possession. As a condition precedent to the Construction Financing Event, Developer shall execute and deliver to the Agency an Environmental Indemnity, substantially in the form of Exhibit No. "12" to this Housing Agreement.

Section 316 Release of Construction Covenants

(a) Promptly after Completion of the development of the Property, as generally and specifically required by this Housing Agreement and in particular the Scope of Development, the Agency shall furnish Developer with a Release of Construction Covenants in the form of Exhibit No.15" to this Housing Agreement, upon written request therefor by Developer. The Agency shall not unreasonably withhold such Release of Construction Covenants and such Release of Construction Covenants shall be issued so long as Developer has developed the Property in accordance with this Housing Agreement and the Plans approved by the Agency pursuant hereto. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of all of the construction required by this Housing Agreement.

(b) The Release of Construction Covenants shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County. A Release of Construction Covenants for development of less than the entire Property shall not be recorded.

(c) If the Agency refuses or fails to furnish a Release of Construction Covenants for the Property after written request from Developer, the Agency shall, within thirty (30) days of the written request, provide Developer with a written statement of the reasons the Agency refused or failed to furnish a Release of Construction Covenants. The statement shall also contain the Agency's opinion of the action Developer must take to obtain a Release of Construction Covenants. If the reason for such refusal is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, the Agency will issue its Release of Construction Covenants upon the posting of a bond by Developer with the Agency in an amount representing the fair value of the work not yet completed.

(d) Such Release of Construction Covenants shall not constitute evidence of compliance with, or satisfaction of any obligation of Developer to the beneficiary of, the Senior Deed of Trust. Such Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

ARTICLE IV USE OF THE SITE

Section 401 Uses

(a) Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof or any interest therein) that during the Restricted Period Developer, its successors and assigns shall use the Property (except for the one commercial Unit) exclusively to provide rental housing, including affordable housing for Low Income and Moderate Income Households as set forth in this Housing Agreement. Developer further covenants and agrees, for itself, its successors, its assigns, and every successor in interest to the Property, or any part thereof, that for the period beginning on the Construction Financing Event and ending on the expiration date of the Agreement Containing Covenants, Developer and such successors shall not use the Property in a manner that is inconsistent with the applicable zoning restrictions, this Agreement, and the Agreement Containing Covenants; provided that, in the event of any inconsistency between this Agreement and the Agreement Containing Covenants, the provisions of the Agreement Containing Covenants shall prevail.

(b) No part of the Project will at any time during the Restricted be owned by a cooperative housing corporation nor shall Developer take any steps in connection with a conversion to such ownership or uses. Other than obtaining (but not recording) a final subdivision map on the Project or obtaining a Final Subdivision Public Report from the California Department of Real Estate, Developer shall not take any steps in connection with converting the Project to a condominium ownership during the Restricted Period.

Section 402 Management Plan; Annual Project Budget; Bi-Annual Reports

(a) Prior to the Construction Financing Event, Developer shall submit to the Agency Executive Director a Management Plan reasonably acceptable to the Agency Executive Director, describing the proposed plans for managing and operating the Property. Approval of the Management Plan by the Agency Executive Director or designee shall be a condition precedent to the Construction Financing Event. Developer shall manage and operate the Property in accordance with the approved Management Plan, including such amendments as may be approved in writing from time to time by the Developer and the Agency Executive Director or designee, for the entire Restricted Period.

(b) In addition, the Developer shall submit on or before the first day of each fiscal year of the Restricted Period an estimated annual budget for management of the Property (the "Annual Project Budget") in accordance with the Management Plan. The Annual Project Budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amount required for insurance and all other expenses incident to the operation of the Project; and shall show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits and balances. The Annual Project Budget, including any amendments proposed by the Developer, shall be subject to the approval of the Agency Executive Director which shall not be unreasonably withheld.

(c) Beginning on the date of first occupancy, and for each fiscal year thereafter of the Restricted Period, Developer shall also submit on a bi-annual basis a report for the management of the Property (the "Bi-Annual Report"). The Bi-Annual Report shall include a profit and loss statement, budget to date figures, and occupancy report and shall clearly show project revenues, operating expenses, deposits to and withdrawals from the Project's Capital Reserve Account, and cash flow available for residual receipts payments. The Bi-Annual Report shall be in a form that is reasonably acceptable to the Agency Executive Director. The Agency Executive Director, in his/her sole discretion may waive the requirement of the Bi-Annual Report for one or more quarterly reporting periods. However, such waiver shall not operate to waive any subsequent requirement of the Bi-Annual Report during the Restricted Period. After receipt of such certified financial statements for the Project, the Agency may request additional financial analyses or obtain a third party review at the Agency's own expense, of financial statements for the Project to verify the accuracy of the payments by Developer on the Agency Note or the required deposits into the Capital Reserve Account. If the Agency's review of Developer's Bi-Annual Report reveals material errors in the calculation of the payments by Developer on the Agency Note or reveals that the required deposits into the Capital Reserve Account have not been made, then Developer shall be required to submit such reports on a quarterly basis for a reasonable time thereafter, as determined by the Agency Executive Director.

Section 403 Maintenance of the Property

(a) Prior to the Construction Financing Event, the Developer shall prepare and submit to the Agency Executive Director or his designee for review and approval a program (the

"Maintenance Program") for the exterior and interior maintenance of the Property and the Improvements. The Agency and the City shall have the right at all reasonable times to enter and inspect the Property in order to ensure compliance with the foregoing requirements.

(b) The Maintenance Program shall describe in reasonable detail the standards to be followed in maintaining the interior and exterior of the Improvements, including a schedule indicating the proposed frequency of each element of maintenance, and shall include, at a minimum, the following: periodic cleaning of the interior and exterior of the Improvements, including windows; removing graffiti; removing debris and waste materials and otherwise maintaining indoor and outdoor areas of the Property; maintaining any lawns, plants, shrubs and trees or other landscaping planted on the Property; performing inspections of all exterior features to determine whether repairs are required; conducting periodic protective treatments such as rust removal and caulking; conducting repairs to facades, roof, doors, windows and other exterior features; maintaining fencing and other security devices and systems; periodic repainting of the exterior; periodic repainting of the interior units and common areas; periodic replacing of the interior unit carpets; checking building systems, including, but not limited to the heating and cooling systems, smoke alarms and water heaters; checking interior unit appliances; and monitoring interior unit bathrooms for mold/mildew. The Maintenance Program, including any amendments proposed by the Developer, shall be subject to the approval of the Agency Executive Director.

(c) At all times during the Restricted Period, the Developer shall maintain the Property and the Improvements in accordance with the approved Maintenance Program and in compliance with applicable state and local laws and codes. To implement this requirement, Developer agrees to budget sufficient funds to pay for all reasonably anticipated costs (as indicated in the Annual Maintenance Budget). In the event Developer fails to maintain the Property as required by this Section, Developer shall, within thirty (30) days after the Agency's notification or Developer's own discovery of any deficiency, take all necessary steps to correct such deficiency, provided that, if such deficiency is not reasonably capable of being cured within thirty (30) days, Developer shall commence to cure said deficiency within thirty (30) days and diligently and in good faith continue to take all necessary steps to correct such deficiency. In the event the Developer fails to cure said deficiency within the time allowed, the Agency shall have the right, but not the obligation, to enter the Property, correct any violation, and hold the Developer responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

Section 404 Lead-Based Paint.

Developer shall ensure that it and its contractors and subcontractors shall not use lead-based paint in the development or maintenance of the Project. Developer shall insert this provision in all contracts and subcontracts for work performed on the Project which involves the application of paint.

Section 405 Barriers to the Disabled

Developer shall ensure that the Project will be developed and operated to comply with all federal, state, and local requirements for access for disabled persons that apply to newly constructed multi-family rental units.

Section 406 Creation of Capital Reserve Account

Concurrently with the Permanent Financing Event, Developer shall create a "Capital Reserve Account" in the initial amount shown on the Project Budget. No later than thirty (30) days after the Capital Reserve Account has been created, Developer shall provide to the Agency a pro forma statement concerning the account, for review and approval. At any time thereafter during the term of this Agreement, the Agency, on ten (10) days prior written notice to Developer, may request that Developer submit to it an updated, revised Capital Reserve Account statement. The Agency, at its own expense, may audit any updated, revised Capital Reserve Account statement submitted to it by Developer.

Section 407 Capital Reserves.

Beginning at the Permanent Financing Event and every succeeding year during the Restricted Period, Developer shall deposit the amount set forth in the definition of Operating Expenses in the Agency Note into the Capital Reserve Account for repairs to the Property. The Capital Reserve Account shall only be used to fund the cost of repairs and improvements to the Property and to maintain the Property in compliance with the requirements of Section 403. Developer shall exhaust funds in the Capital Reserve Account prior to utilizing operating revenues to pay for repairs and improvements to the Property. Interest earned on the Capital Reserve Account shall remain in said account and be used as Capital Reserves.

Section 408 Obligation to Refrain from Discrimination

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, or in the awarding of contracts for the Project, nor shall Developer, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property, or any part thereof, or in the awarding of contracts for the Project. Developer shall comply with all applicable federal, state and local nondiscrimination, fair housing, and equal opportunity requirements.

Section 409 Form of Nondiscrimination and Nonsegregation Clauses

The Developer shall refrain from restricting the rental, sale or lease of the Property or the Units on the basis of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clause:

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

(b) In Leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

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

Section 410 Effect and Duration of Covenants

The covenants established in this Housing Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Property or any part thereof or interest therein for the benefit and in favor of the Agency, its successors and assigns. Every covenant and condition and restriction contained in the

Agreement Containing Covenants shall remain in effect commencing upon the recordation of the Agreement Containing Covenants and throughout the Restricted Period (regardless of whether the Agency Loan has been repaid prior to the end of the Restricted Period), except that the covenants against discrimination set forth in the Agreement Containing Covenants and in Section 408 and Section 409 hereof shall remain in effect in perpetuity.

Section 411 Effect of Violation of Covenants

The Agency is the intended beneficiary of the terms and provisions of this Housing Agreement and the covenants herein, both for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Housing Agreement and the covenants running with the land have been provided. The Agency shall have the right if the covenants contained in this Housing Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Housing Agreement and covenants are entitled.

Section 412 Monitoring

(a) The parties acknowledge that this Housing Agreement is subject to the provisions of Section 33418(a) of the California Health and Safety Code, which provides in pertinent part:

"An Agency shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an agency shall require owners or managers of the housing to submit an annual report to the agency. The annual reports shall include for each rental unit the rental rate and the income and family size of the occupants. The income information required by this section shall be supplied by the tenant in a certified statement of a form provided by the agency."

Developer shall submit to the Agency on an annual basis the annual report required by said Section 33418. The annual report shall include for each Low Income Unit and each Moderate Income Unit the rental rate and the income and family size of the occupants. The income information shall be supplied by the tenant in a certified statement on a form provided by the Agency. Developer shall provide for the submission of such information in its lease or occupancy agreement with tenants.

(b) Health and Safety Code Section 33418(b) requires the Agency to adequately fund its compliance monitoring activities and authorizes the Agency to impose fees upon the owners of properties monitored pursuant to Section 33418 to defray the cost of complying with the Agency's monitoring and reporting obligations. Therefore, Developer agrees that, commencing upon the Completion of the Project, Developer will pay to the Agency an annual monitoring fee in the amount set forth in the definition of "Annual Operating Expenses" in the Agency Note.

ARTICLE V DEFAULTS, REMEDIES AND TERMINATION

Section 501 Defaults; Notice of Cure; Cure Rights

(a) Subject to Force Majeure Delay, as such term is defined in this Housing Agreement, failure or delay by either party to perform any term or provision of this Housing Agreement constitutes a default under this Housing Agreement. The party who fails or delays must immediately commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

(b) The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Housing Agreement, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(c) If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by the injured party.

(d) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) days, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party. In no event shall the injured party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

Section 502 Institution of Legal Actions

Subject to the notice and cure provisions of Section 501and the limited recourse provisions of Section 510, in addition to any other rights or remedies (and except as otherwise provided in this Housing Agreement), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Housing Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

Section 503 Applicable Law

The internal laws of the State of California without regard to principles of conflicts of laws, shall govern the interpretation and enforcement of this Housing Agreement.

Section 504 Acceptance of Service of Process

(a) In the event that any legal action is commenced by the Agency against the Developer, service of process on the Developer shall be made by personal service upon the Developer (or upon an officer of the Developer) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

(b) In the event that any legal action is commenced by the Developer against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director of the Agency or the Agency Secretary or in such other manner as may be provided by law.

Section 505 Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Housing Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

Section 506 Specific Performance

If either party defaults with regard to any of the provisions of this Housing Agreement, subject to the notice and cure provisions of Section 501, the non-defaulting party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Housing Agreement pertaining to such default.

Section 507 Termination by Agency

Notwithstanding anything in this Housing Agreement to the contrary, the Agency shall have the right to terminate this Housing Agreement, in its sole discretion after first providing notice to Developer and following the expiration of any cure period, in the event that, subject to Force Majeure Delay, the Construction Financing Event fails to occur within the time specified in the Schedule of Performance.

Section 508 Termination by Developer

(a) Prior to the Construction Financing Event and provided that the Developer is not in default under this Agreement and

(i) One or more of the Developer's Conditions to Closing is not satisfied on or before the time set forth in the Schedule of Performance, and any such Condition that is to be satisfied by the Agency is not satisfied after notice and an opportunity to cure as provided in Section 501 hereof, and such failure is not caused by Developer; or

(ii) Agency's Conditions to Closing have been either satisfied or waived by the Agency and the Agency does not tender the Agency Loan or the Agency Grant in the manner and condition and by the date provided in this Agreement, or

(iii) In the event of any default of any material provision of this Agreement by Agency prior to the Construction Financing Event which is not cured within the time set forth in Section 501 hereof, or

(iv) Developer fails to receive any necessary approvals or permits to the development of the Project

and any such failure of the Agency is not cured within the applicable time period after written demand by the Developer, then this Agreement may, at the option of the Developer, be terminated by Notice thereof to Agency given in the manner provided in Section 602. In the event Developer terminates this Agreement pursuant to this Section 508 and Developer is not in Default, then ten (10) days from the date of the Notice of termination of this Agreement by Developer to Agency, this Agreement shall be deemed terminated, Agency shall not be obligated to make any payments of the Agency Loan or the Agency Grant, and there shall be no further rights or obligations between the parties, except that if the Agency is in Default hereunder the Developer, after delivery of notice and expiration of the cure period, may pursue any remedies it has at law or equity.

(b) In all events, at any time prior to the Construction Financing Event, Developer shall have the right to terminate this Agreement for any reason whether or not Developer is in default of this Agreement, by Notice thereof to Agency in the manner provided in Section 602. From the date of the Notice of termination of this Agreement by Developer to Agency and thereafter, this Agreement shall be deemed terminated, Agency shall not be obligated to make any payments of the Agency Loan or the Agency Grant, and there shall be no further rights or obligations between the parties, except as follows. If the Developer exercises this termination right, then Developer shall be obligated to reimburse the Agency for all of Agency's reasonable costs incurred in the negotiation and preparation of this Agreement and in reviewing plans and specifications, negotiating and preparing closing documents, reviewing lender documents, and other customary actions in preparation for the Construction Financing Event ("Agency Costs"), with the amount of such reimbursement not to exceed $75,000. Agency Costs shall be documented to the reasonable satisfaction of the Developer and shall include the Agency's out of pocket costs such as attorneys' fees and consultant fees and shall also include costs attributable to time spent by Agency staff. Developer shall pay the Agency Costs not later than fifteen (15) days following Developer's receipt of the documentation of such costs.

Section 509 <u>Termination by Either Party</u>

Prior to the Construction Financing Event, either party shall have the right to terminate this Housing Agreement in the event the other party is in default of any material term or provision of this Housing Agreement, and, following notice, fails to cure such default within the time provided in Section 501.

Section 510 Limited Recourse Obligations

Each obligation of the Developer under this Housing Agreement is a nonrecourse obligation of the Developer. Except as provided otherwise in this Housing Agreement, neither the Developer nor any of its members, nor any other party, shall have any personal liability for payment of obligations to the Agency. The sole recourse of the Agency shall be the exercise of its rights against the Property and the Project and any related security for the Agency Loan. Except as otherwise provided herein below, no member, shareholder, partner, officer, director, employee, agent, or attorney of Developer shall be personally liable to Agency in the event of any default or breach by Agency or for any amount which may become due to Agency or on any obligations under the terms of the Agreement.

Notwithstanding the foregoing, the Agency may obtain a judgment or order (including, without limitation, an injunction) requiring Developer or any other party to perform (or refrain from) specified acts other than repayment of the Agency Loan; may proceed against any person or entity whatsoever with respect to the enforcement of any guarantees, surety bonds, letters of credit, reimbursement agreements or similar rights to payment or performance; and may recover directly from Developer or any other party:

(a) any damages, costs and expenses incurred by the Agency as a result of fraud or any criminal act or acts of Developer or any member, officer, director or employee of Developer or of any of Developer’s members;

(b) any damages, costs and expenses incurred by the Agency as a result of any misappropriation of funds provided for the development of the Property, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Developer pursuant to Developer’s indemnification regarding Hazardous Substances; and

(b) all court costs and attorneys’ fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

Section 511 Litigation Costs.

If litigation arises out of this Agreement for the performance thereof, then the court shall award costs and expenses, including attorney’s fees, to the prevailing party. In awarding attorney’s fees, the court shall not be bound by any court fee schedule but shall award the full amount of costs, expenses and attorney’s fees paid or incurred in good faith.

ARTICLE VI GENERAL PROVISIONS

Section 601 Developer's Warranties.

Developer represents and warrants (1) that it has access to professional advice and support to the extent necessary to enable Developer to fully comply with the terms of this Housing Agreement; (2) that it and its members are duly organized, validly existing and in good standing under the laws of the State of California; (3) that it has the full power and authority to undertake the Project and to execute this Housing Agreement; (4) that the persons executing and delivering this Housing Agreement are authorized to execute and deliver such documents on behalf of Developer; (5) except as disclosed to the Agency in writing, there are no actions or proceedings pending or, to the best of the Developer's knowledge, threatened against the Developer or Developer's members before any court or administrative agency in any way connected with the Property or the Project which could adversely affect the Developer's ability to perform the activities contemplated hereunder; (6) neither this Housing Agreement nor anything provided to be done hereunder violates or shall violate any contract, agreement or instrument to which the Developer or a member of Developer is a party or which affects the Project or any part thereof; (7) the Developer is not in default in respect of any of its obligations or liabilities pertaining to this Housing Agreement, nor is there any state of facts or circumstances or conditions or events which, after notice, lapse of time, or both, would constitute or result in any such default under this Housing Agreement; and (8) neither the Developer nor its members has entered into any agreements which will adversely affect the title to the Project or the Developer's right to develop and use the Project as provided in this Housing Agreement, and neither the Developer nor its members will enter into any such agreements after the date hereof.

Section 602 Notices, Demands and Communications between the Parties

Formal notices, demands, and communications between the Agency and Developer shall be sufficiently given if: (i) personally delivered; (ii) delivered by same day or overnight courier (acknowledged by receipt showing date and time of delivery); or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below:

If to Developer:

4043 Irving Place Investors, LLC
6060 Center Drive, Suite 800
Los Angeles, CA 90045
Telecopier: 310-846-5310
Attention: George H. Mitsanas

4043 Irving Place Investors, LLC
c/o Culver City Volvo
11201 West Washington Boulevard
Culver City, CA 90230
Telecopier: 310-313-0950
Attention: Sal Gonzales

With a copy to: Cox Castle Nicholson LLP
555 California Street, 10th Floor
San Francisco, CA 94104
Telecopier: (415) 392-4250
Attention: Stephen C. Ryan

If to Agency: Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Executive Director

With a copy to: City Attorney's Office
City of Culver City
9770 Culver Boulevard
Culver City, CA 90230-0507

And a copy to: Kane, Ballmer & Berkman
515 S. Figueroa St., Suite 1850
Los Angeles, California 90071
Attn: Deborah Rhoads, Esq.

Notices personally delivered or delivered by courier shall be effective upon receipt or refusal to accept delivery. Mailed notices shall be effective on the earlier of (i) receipt of refusal to accept delivery, or (ii) noon on the second business day following deposit in the United States mail.

Section 603 Conflicts of Interest

(a) No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Housing Agreement nor shall any such member, official or employee participate in any decision relating to this Housing Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly, interested.

(b) The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Housing Agreement.

Section 604 Nonliability of Agency Officials and Employees

No member, official, employee or consultant of the Agency shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Agency or for any amount that may become due to the Developer or to its successor, or on any obligations under the terms of this Housing Agreement.

Section 605 Effect of Redevelopment Plan Amendment

Pursuant to the provisions of the Redevelopment Plan relating to the modification or amendment of the Redevelopment Plan, Agency agrees that no further amendment to the Redevelopment Plan which changes the uses or development permitted on the Property, or changes the restrictions or controls that apply to the Property, or otherwise affects the Property, shall be made or become effective as to the Property without the prior written consent of Developer. Further amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of Developer.

Section 606 Extension of Times of Performance

(a) In addition to the specific provisions of this Housing Agreement, performance by any party hereunder shall not be deemed to be in default during a Force Majeure Event. An extension of time for a Force Majeure Event shall be limited to the period of such event, and shall commence to run from the time of the commencement of the cause, provided notice by the party claiming such extension is sent to the other party within ten (10) business days of the commencement of the cause. In the event of such delay, the party delayed shall continue to exercise reasonable diligence to minimize the period of delay.

(b) Times of performance under this Agreement may also be extended by mutual written agreement by the Agency Executive Director and Developer.

Section 607 Inspection of Books and Records

The Developer shall maintain at a location in Los Angeles County complete, accurate, and current records pertaining to the Property and the Project for a period of five (5) years after the creation of such records, and shall permit any duly authorized representative of the Agency to inspect and copy records, during regular business hours. Records must be kept accurate and current.

Section 608 Action or Approval

Whenever action and/or approval by the Agency is required under this Agreement, the Agency Executive Director or his or her designee may act on and/or approve such matter unless specifically provided otherwise

Section 609 Assurances to Act in Good Faith

Developer and the Agency agree to execute all documents and instruments and to take all action, including timely depositing funds as required hereby, and shall use their respective best efforts to accomplish the development of the Property in accordance with the provisions hereof. Approvals required of the Agency or the Developer shall not be unreasonably withheld. . Any reference in this Agreement or the Agency Loan Documents to an action, approval, or consent on the part of the Agency or Developer shall require such party to act reasonably in all respects except as otherwise expressly provided. Any request made by Developer for an action, approval, or consent on the part of Agency shall be presumed a reasonable request if such request is made in order to satisfy the reasonable requirements of a Senior Lender in order to obtain financing for the Project.

Section 610 Real Estate Commissions

Neither the Agency nor the Developer shall be liable for any real estate commissions, brokerage fees or finders fees which may arise from this transaction. The Agency and the Developer each represent to the other that it has employed no broker, agent, or finder in connection with this transaction.

Section 611 Interpretation

The terms of this Housing Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any party by reason of the authorship of this Housing Agreement or any other rule of construction which might otherwise apply.

Section 612 Severability

If any provision of this Housing Agreement shall be adjudged invalid, illegal or unenforceable by a court of competent jurisdiction, the remaining provisions of this Housing Agreement shall not be affected thereby, but this Housing Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein, and the remainder of this Housing Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 613 No Third Party Beneficiaries

This Housing Agreement is made solely and specifically between the Agency and Developer and their respective successors and assigns; and, except as expressly provided otherwise in this Housing Agreement, no other person will have any rights, interest or claims under this Housing Agreement or be entitled to any benefits under or on account of this Housing Agreement as a third party beneficiary or otherwise.

Section 614 Authority to Sign

Developer hereby represents that the person executing this Housing Agreement on behalf of Developer has full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Housing Agreement.

Section 615 Titles and Captions.

Titles and captions are for convenience only and shall not be construed to limit or extend the meaning of this Agreement.

Section 616 Gender and Number.

As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

ARTICLE VII ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

(a) This Housing Agreement shall be executed in three duplicate originals each of which is deemed to be an original. This Housing Agreement and its attached Exhibits shall constitute the entire understanding and agreement of the parties.

(b) This Housing Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all (or any part of or any interest in) the Property. This Housing Agreement and all documents incorporated herein contain the entire understanding among the parties hereto relating to the transactions contemplated herein and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written.

(c) All waivers of the provisions of this Housing Agreement must be in writing and signed by the appropriate authorities of the Agency or the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the parties to be bound thereby. This Housing Agreement and any provisions hereof may be amended by mutual written agreement by the Developer and the Agency Executive Director, subject to review and approval by the Agency Board as needed to comply with applicable law and internal policies and procedures. The waiver by the Agency or Developer of any term, covenant, or condition herein contained shall not be a waiver of such term, covenant, or condition on any subsequent breach.

(d) This Housing Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute one agreement binding on the Agency and the Developer.

ARTICLE VIII TIME FOR ACCEPTANCE OF AGREEMENT BY THE AGENCY; DATE OF AGREEMENT

(a) This Housing Agreement does not take effect until executed by the Developer and the Agency. This Housing Agreement, when executed by the Developer and delivered to the Agency, must be authorized, executed and delivered by the Agency within thirty (60) days after the date of signature by the Developer, or the Developer shall have the right to withdraw its offer to enter into this Housing Agreement by providing written notice to the Agency. This Housing Agreement shall not be effective until executed by the Agency Executive Director.

(b) The Agency Executive Director is hereby authorized and directed to take such other and further actions, and sign such other and further agreements and documents on behalf of the Agency as may be necessary or proper to effect the terms of this Housing Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the Effective Date.

"**DEVELOPER**"
4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC**,**
a California limited liability company

Its: Manager

By: ________________________
George H. Mitsanas

Its: Manager

By:_________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

"**AGENCY**"
CULVER CITY REDEVELOPMENT AGENCY, a public body corporate and politic

By: ________________________________
Executive Director

ATTEST:

By: ________________________________
Agency Secretary

APPROVED AS TO FORM:

By: ________________________________
General Counsel

By: ________________________________
KANE, BALLMER & BERKMAN
Agency Special Counsel

EXHIBIT NO. 1

Legal Description

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

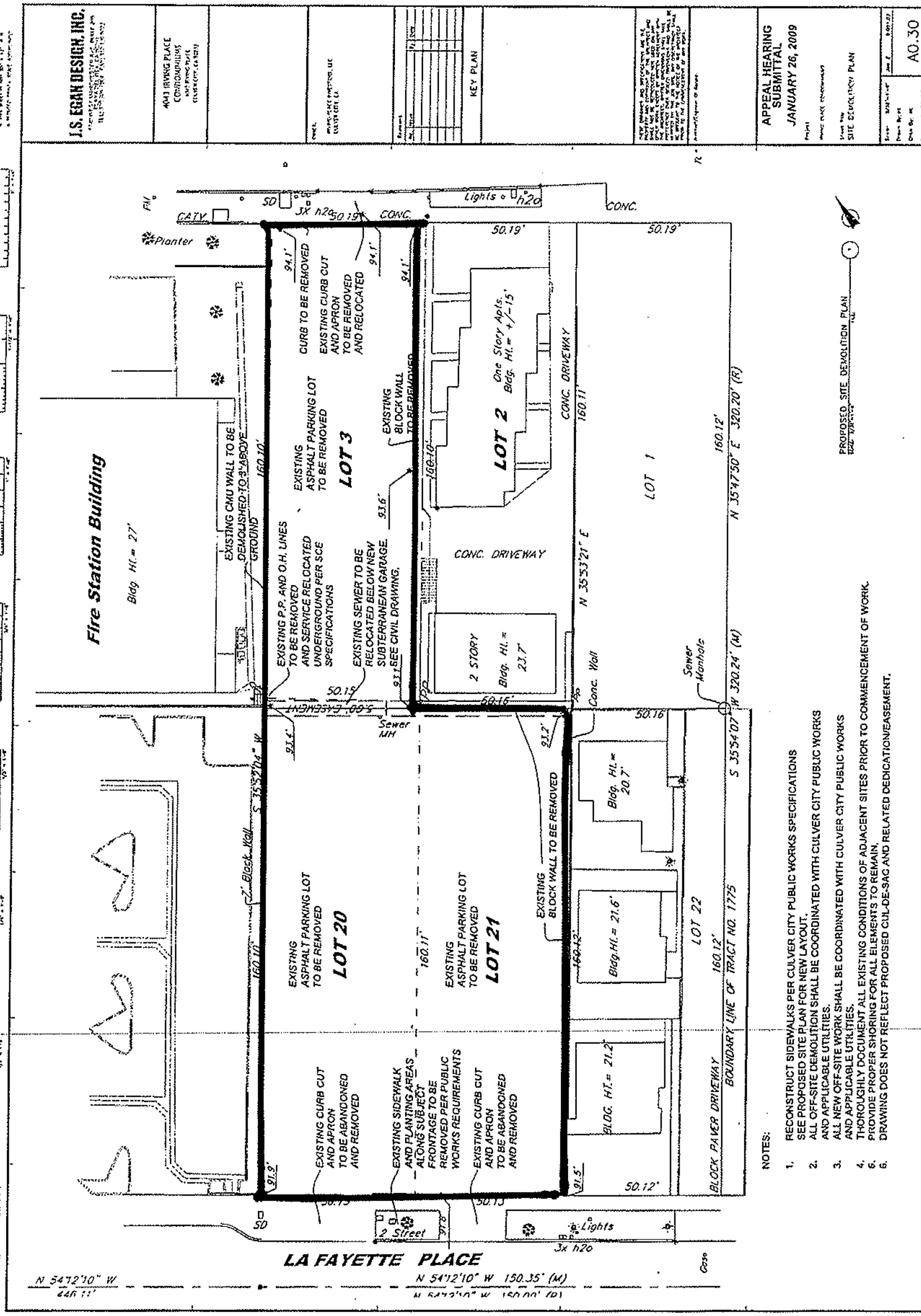
Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

EXHIBIT No. 2
SITE MAP

ATTACHMENT 1



METHOD OF FINANCING

This is the Method of Financing attached to the Affordable Housing Agreement (the "Housing Agreement") between the Culver City Redevelopment Agency (the "Agency") and 4043 Irving Place Investors, LLC ("Developer"), relating to the development of a 28-Unit multifamily rental housing project (plus one commercial Unit), which shall include 12 housing Units to be rented, at Affordable Rents, to Low Income and Moderate Income Households. Any capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Housing Agreement.

The Project will be financed by a combination of the Construction Loan, the Agency Loan, the Agency Grant and Developer Equity.

2. **Total Project Cost**. The parties estimate that the total Project Costs shall be approximately $14,021,400, including Property acquisition costs of approximately $3,501,400. The Land Loan described in the Housing Agreement will be repaid in full at the Construction Financing Event.

3. **Sources of Construction Financing**. The parties anticipate that the Project Costs shall be financed during the Construction Period with the following combinations of funds. Developer must make every reasonable effort to structure the terms of the construction financing in a way that will minimize the amount of the Agency funds needed.

(a) The Construction Loan in the original principal amount of $6,250,000.

(b) The Agency Grant in the amount of $2,626,000.

(c) The Agency Loan in the amount of $3,366,000.

(d) The payment by the Agency in the amount of $577,400 pursuant to the Settlement Agreement between the Agency and the Developer dated June 30, 2009 (the "Settlement Payment").

(e) Developer Equity consisting of $1,202,000. In addition, Developer shall be responsible during the Construction Period to provide funds, if and as needed, to pay for any cost overruns not funded and contingencies not otherwise funded by the sources of funds as described herein.

4. **Sources of Permanent Financing**. The parties anticipate that the Project Costs shall be financed during the Permanent Period with the following combinations of funds. Developer must make every reasonable effort to structure the terms of the permanent financing in a way that will minimize the amount of the Agency funds needed.

(a) The Permanent Loan in the original principal amount of $6,250,000.

(b) The Agency Grant referenced in paragraph 3(b).

(c) The Agency Loan referenced in paragraph 3(c).

(d) The Settlement Payment referenced in paragraph 3(d).

(e) The Developer Equity referenced in paragraph 3(e).

5. **Project Budget**. The parties anticipate that all Project Costs shall be as set forth in the Project Budget attached to the Housing Agreement as Exhibit No. "6". The Project Budget shall be subject to change from time-to-time, subject to the prior written approval of the Agency Executive Director, upon which approval the Project Budget shall be replaced by the approved revised Project Budget.

6. **Evidence of Financing**. The sum of the Construction Loan, the Agency Grant, the Agency Loan, and the Developer Equity, as provided in Sections 3 and 4 above, shall, at all times, be sufficient to pay all Project Costs as set forth in the most recently approved Project Budget. Prior to the Construction Financing Event, Developer shall submit for Agency review and approval evidence of such financing, including: (a) copies of all documents required by the Construction Lender; and, (b) any other documents reasonably required by the Agency. The Agency shall not unreasonably withhold its approval of the Developer's evidence of financing.

7. **Agency Loan and Agency Grant**.

(a) In accordance with and subject to the terms and conditions of the Housing Agreement and this Method of Financing, the Agency agrees to make the Agency Loan to Developer and Developer agrees to borrow such funds for the purpose of payment of Project Costs.

(b) In accordance with and subject to the terms and conditions of the Housing Agreement and this Method of Financing, the Agency agrees to make the Agency Grant to Developer and Developer agrees to use such funds for the purpose of payment of Project Costs.

(c) The Agency Loan and the Agency Grant shall be used exclusively to pay Project Costs identified in the Project Budget. Developer hereby acknowledges that the Agency Assistance is intended to be "gap" financing, not to exceed the amount needed to bridge the gap between the total Project Costs and the maximum Senior Loan obtainable by Developer plus the maximum amount of Developer's Equity set forth above, but in any event not to exceed the dollar amount set forth above.

(d) At the Construction Financing Event, the Agency and the Developer shall execute and deliver such instruments and documents as may be necessary to evidence and secure the affordability restrictions on the Property and to evidence and secure the Agency Loan, consistent with the terms of the Housing Agreement and this Method of Financing, and each in a form that is acceptable to the Agency Executive Director, including the following:

(1) Agreement Containing Covenants;

(2) Agency Note;

(3) Agency Deed of Trust;

(4) Assignment of Rents and Leases;

(5) Assignment of Agreements;

(6) Environmental Indemnity; and

(7) Notice of Affordability Restrictions.

8. **Subordination**. The Agreement Containing Covenants shall unconditionally be and at all times remain prior and superior to the lien created by the Senior Deed of Trust and any other of the Senior Loan Documents and all of the terms and conditions contained in the Senior Loan Documents. However, the Agency shall subordinate the Agency Loan Documents and the Agency Grant to the lien created by the Senior Deed of Trust and any other of the Senior Loan Documents and all of the terms and conditions contained in the Senior Loan Documents.

Subject to the terms and conditions of this Section 8, prior to the Construction Financing Event, the Executive Director of the Agency shall execute subordination agreements to, among other things, subordinate the Agency Loan Documents to the Senior Deed of Trust and other Senior Loan Documents consistent with the Housing Agreement, provided, however, that such subordination agreement must contain provisions reasonably satisfactory to the Agency Executive Director to protect the Agency's investment in the event of default.

9. **Recordation**. Upon the Construction Financing Event, the Title Company shall record the Agreement Containing Covenants, the Construction Loan Documents and the Agency Loan Documents in accordance with instructions provided by the Agency, the Construction Lender and the Developer, and shall be prepared to issue to the Agency ALTA policies of title insurance, insuring the priority of the Agency Deed of Trust, in amounts and with endorsements as the Agency may require. Developer agrees that the cost of the premium for the Agency's title policy, as well as all other closing costs, shall be paid by Developer as a Project Cost.

10. **Agency's Conditions Precedent to Construction Financing Event**.

(a) The Agency's obligation to fund the Agency Loan and the Agency Grant shall be conditioned and contingent upon satisfaction or Agency's waiver of each of the following conditions precedent (collectively, the "Agency's Conditions to Closing"):

(i) Developer submits and the Agency Executive Director approves evidence that the final working drawings have been approved by the City, and, to the extent required by the Housing Agreement, by the Agency;

(ii) Developer submits and the Agency Executive Director approves the bid set for construction of the Project;

(iii) Developer submits and the Agency Executive Director approves a copy of the fully executed general construction contract with a licensed general contractor, covering all construction work required by the Housing Agreement and the approved final working drawings;

(iv) Developer submits and the Agency Executive Director approves a final Project Budget, current as of the Construction Financing Event, demonstrating to the satisfaction of the Agency Executive Director the availability of sufficient funds to pay all Project Costs;

(v) Developer submits evidence satisfactory to the Agency Executive Director that Developer has satisfied all conditions precedent to the issuance of all Permits necessary for the Project, other than payment of fees (for which funds have been budgeted in the Project Budget);

(vi) Developer submits and the Agency Executive Director approves the Maintenance Program, including the Maintenance Budget, as required by the Housing Agreement;

(vii) Developer submits and the Agency Executive Director approves the Annual Project Budget for the first year of operation, as required by the Housing Agreement;

(viii) Developer submits and the Agency Executive Director approves the Management Plan, as required by the Housing Agreement;

(ix) Developer, the Agency and Construction Lender shall have agreed upon the terms of the Intercreditor Agreement described in Section 11 of this Method of Financing.

(x) Title Insurance Company is prepared to issue the title insurance policy required by the Agency Executive Director;

(xi) Developer submits to the Agency and the Agency Executive Director approves the certificates of insurance and endorsements showing that Developer has obtained the insurance policies required by the Housing Agreement;

(xii) Developer deposits into Escrow all of the funds and duly executed instruments required of it by the Housing Agreement and this Method of Financing to close the Escrow;

(xiii) Developer delivers to the Agency and the Agency Executive Director approves the final Construction Loan Documents;

(xiv) Developer delivers to the Agency and the Agency Executive Director approves documentary evidence that Developer is in current good standing and is duly authorized to execute and implement the Housing Agreement; and

(xv) Developer is in full compliance with the terms and conditions of the Housing Agreement and all documents and instruments referred to therein or executed by Developer in furtherance of the Housing Agreement, all representations and warranties of Developer contained therein shall be true and correct in all material respects.

(xvi) No litigation shall be threatened or pending which seeks to prevent the construction or operation of the Project, or any part thereof, according to the terms set forth in the Housing Agreement.

In the event any of the Agency's Conditions to Closing are not satisfied (or waived by the Agency) by the date set forth in the Schedule of Performance for the occurrence of the Construction Financing Event, the Agency may cancel the Escrow and terminate the Housing Agreement by delivering ten (10) days prior written notice to Developer and the Escrow agent. Developer may nullify the notice to terminate if, within such ten (10) day period Developer (at no cost to the Agency) cures any unsatisfied Conditions to Closing and notifies the Escrow agent of such cure. In the event of termination pursuant to this paragraph, (i) the Escrow shall be cancelled and any funds deposited by the parties shall be returned to them with any interest earned on such funds; (ii) Developer shall be responsible for any escrow cancellation fees imposed by the Escrow agent; and (iii) the Housing Agreement shall be terminated and the parties shall have no further rights or obligations thereunder.

(b) Waiver of Conditions Precedent. Notwithstanding the foregoing, the Agency, in the sole discretion of the Agency Executive Director, may waive any of the foregoing conditions precedent to the Agency's Construction Financing Event. A waiver of any of the foregoing conditions shall not operate in any way as a waiver, or estoppel with respect to, any subsequent or other failure to comply with such condition, or any other condition contained in this Method of Financing, the Housing Agreement or any of the Agency Loan Documents.

11. **Disbursement of Agency Loan and Agency Grant.** Disbursement of the Agency Assistance (i.e., the total amounts of the Agency Loan and Agency Grant) shall occur on a *pari passu* basis with disbursement of the Construction Loan. Not less than fifteen (15) days prior to the Construction Financing Event, the Agency shall have deposited the Agency Loan and the Agency Grant into a third party escrow account. The Agency shall have no obligation to

authorize disbursement of any portion of either the Agency Loan or the Agency Grant until the Developer Equity have been fully disbursed. Disbursement of the Agency Loan and the Agency Grant shall be subject to a ten percent (10%) retention, which shall be released to Developer upon Completion of the Project. The Agency Loan and the Agency Grant shall be disbursed for the payment of Project Costs in accordance with a disbursement agreement and escrow instructions among the Agency, Construction Lender and Developer that are consistent with the terms of this Method of Financing and the Housing Agreement and are in form and substance that is mutually acceptable to the Agency Executive Director, Developer and Construction Lender (the “Intercreditor Agreement”). The Intercreditor Agreement shall, among other things, set forth the Agency’s approval rights over disbursements of the Agency Loan and Agency Grant and shall assure the Agency’s right to fully participate in monthly draw meetings.

12. **Repayment Terms**. The repayment terms of the Agency Loan shall be as follows, as more fully set forth in the Agency Note. The Agency Loan will be repaid with annual payments from Residual Receipts (as defined in the Agency Note). Developer must utilize twenty-five percent (25%) of Residual Receipts with respect to each calendar year to repay the Agency Loan. The term of the Agency Loan shall be thirty (30) years from the Conversion Date. The rate of interest shall be one and one-half percent (1.5%) per annum. The Agency Loan shall become all due and payable upon the Maturity Date, as defined in the Agency Note.

EXHIBIT NO. 4

SCHEDULE OF PERFORMANCE

	ACTION ITEM	TIME OF PERFORMANCE	REFERENCE
1.	Submittal - Final Construction Drawings and Specifications and Bid Set. Developer shall prepare and submit to the Agency for approval the Final Construction Drawings and Specifications and the Bid Set for the Project.	At least thirty (30) days prior to the Construction Financing Event.	Section 302
2.	Submittal - Management Plan. Developer shall submit to the Agency for approval the proposed Management Plan.	At least thirty (30) days prior to the Construction Financing Event.	Section 402 and Section 4.4 of the Agreement Containing Covenants
3.	Submittal - Annual Project Budget. Developer shall submit to the Agency for approval the proposed Annual Project Budget for the first year of operation.	At least thirty (30) days prior to the Construction Financing Event.	Section 402 and Section 4.4(a)(5) of Agreement Containing Covenants
4.	Submittal – Maintenance Program. Developer shall submit to the Agency for approval the proposed Maintenance Program for the Project.	At least thirty (30) days prior to the Construction Financing Event.	Section 403
5.	Evidence of Financing. The Developer shall submit to the Agency final Land Loan Documents and substantially final Construction Loan Documents and documentation of Developer Equity, as provided in the Method of Financing.	Within thirty (30) days prior to the scheduled date for the Construction Financing Event.	Section 6 of Method of Financing

6. Deposits Into Escrow. The Developer, and Agency shall execute documents and deposit documents and funds into Escrow as provided in the Method of Financing.	Not later than twelve noon on the business day immediately prior to the scheduled Construction Financing Event.	Sections 7 and 10.(a) of the Method of Financing
7. Construction Financing Event. All conditions precedent to the Construction Financing Event shall have been satisfied.	Not later than October 1, 2011.	Section 10.(a) of Method of Financing
8. Commencement of Construction. The Developer shall commence construction of the Improvements on the Property.	Within thirty (30) days after the Construction Financing Event.	Section 305
9. Completion of Construction. The Developer shall achieve Completion of construction of the Improvements on the Property.	Not later than eighteen (18) months following commencement of construction.	Section 305
10. Submission - Tenant Lease. The Developer shall prepare and submit to the Agency for approval the proposed tenant lease for the Restricted Units as provided in the Agreement Containing Covenants.	Within thirty (30) days prior to initial occupancy, but no later than March 31, 2013.	Section 4.4(a)(4) of Agreement Containing Covenants
11. Submission – Annual Reports. The Developer submits annual financial statements and rent records/tenant eligibility certifications to the Agency.	Within one hundred twenty (120) days after the end of each calendar year.	Sections 4.3 and 4.4(a)(5) of Agreement Containing Covenants

NOTES:

It is understood that this Schedule of Performance is subject to all of the terms and conditions of the text of the Housing Agreement. The summary of the items in this Schedule of Performance is not intended to supersede or modify the more complete description in the text; in the event of any conflict or inconsistency between this Schedule of Performance and the text of the Housing Agreement, the text shall govern.

The time periods set forth in this Schedule of Performance may be altered or amended only by written agreement signed by the Developer and the Agency. The Agency Executive Director shall have the authority to approve extensions of time without action of the Agency's governing board, not to exceed a cumulative total extension of one (1) year.

EXHIBIT NO. 5

Scope of Development

The Scope of Development allows no more than twenty-eight (28) dwelling units (including not more than one (1) commercial unit of approximately one thousand four hundred and three (1,403) square feet with required parking; shall not exceed four (4) stories in height ranging from thirty-three (33) to forty-five (45) feet in height; and shall contain no less than sixty-six (66) parking spaces, pursuant to the plans prepared by J.S. Egan Design, Inc., dated January 26, 2009 and labeled “Irving Place Residences, 4043 Irving Place, Culver City, California – Appeal Hearing Submittal 01.26.09” immediately following this page. Additionally, the Scope of Development includes the requirement that Owner, if such work is approved by the Neighborhood Traffic Management Program Group and City grants the necessary approvals, remove the existing traffic barrier at “A” Street and construct a partial cul-de-sac adjacent to the Property on Irving Place in accordance with a plan approved by the City’s Public Works Director/City Engineer.

The one thousand four hundred and three square feet (1,403) square feet of commercial use shall be of a type that generates low customer traffic as mutually agreed to by the Agency and Owner.

The “amenity room” as shown on the plans shall be used as a party room, game room, storage, etc. (but not for commercial or residential purposes).

EXHIBIT NO. 6

PROJECT BUDGET

SOURCES OF ACQUISITION AND CONSTRUCTION FUNDS:

Construction Loan	$ 6,250,000
Agency Grant	$ 2,626,000
Agency Loan	$ 3,366,000
Agency Settlement Payment	$ 577,400
Developer Equity	$ 1,202,000
TOTAL SOURCES:	$ 14,021,400

SOURCES OF PERMANENT FUNDS:

Permanent Loan	$ 6,250,000
Agency Grant	$ 2,626,000
Agency Loan	$ 3,366,000
Agency Settlement Payment	$ 577,400
Developer Equity	$ 1,202,000
TOTAL SOURCES:	$ 14,021,400

PROJECT COSTS:

Property Acquisition; Closing Costs	$ 3,501,400
Direct Construction Costs	$ 7,750,000
Developer Fee	$ 409,000
Other Indirect Costs	$ 1,250,000
Replacement and Operating Reserves	$ 250,000
Financing Costs	$ 861,000
TOTAL PROJECT COSTS:	$ 14,021,400

RESIDUAL RECEIPTS PROMISSORY NOTE
SECURED BY DEED OF TRUST
TO THE CULVER CITY REDEVELOPMENT AGENCY

1.5% Interest Culver City, California
$3,366,000 ______________, 2010

FOR VALUE RECEIVED, 4043 IRVING PLACE INVESTORS, LLC, a California limited liability company ("Borrower"), hereby promises to pay to the CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic, ("Agency") or order, a principal amount of Three Million Three Hundred Sixty Six Thousand Dollars ($3,366,000), or so much thereof as may be advanced by the Agency to the Borrower as the Agency Loan pursuant to the Affordable Housing Agreement dated as of July 26, 2010 (the "Housing Agreement") between Borrower ("Developer" therein) and the Agency, incorporated herein by this reference. The Housing Agreement is a public record on file in the offices of the Agency. The Borrower shall pay interest at the rate, in the amount and at the time hereinafter provided.

1. Definitions. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Housing Agreement. In addition, the following terms shall have the following meanings:

The term "**Net Proceeds**" shall mean the proceeds of a sale, transfer or refinancing after repayment of existing indebtedness and other liens and charges on the Property, less the reasonable and customary costs of the transaction.

The term "**Residual Receipts**" shall mean, in each calendar year, the amount by which Gross Revenue (as defined below) exceeds Annual Operating Expenses (as defined below), as determined by a certified statement to be completed not later than ninety (90) days after the end of each calendar year by Borrower using generally accepted accounting principles and based on the accrual method (the "Audit").

(i) "**Gross Revenue**," with respect to each calendar year, shall mean all revenue, income, receipts, and other consideration actually received from operation or leasing of the Project. "Gross Revenue" shall include, but not be limited to: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance; the proceeds of casualty insurance to the extent not utilized to repair or rebuild the Project; and condemnation awards for a taking of part or all of the Project for a temporary period. "Gross Revenue" shall also include the fair market value of any goods or services provided in consideration for the leasing or other use of any portion of the Project, except that the value of services provided by on-site manager(s) shall not be treated as "Gross Revenue" if no more than one dwelling unit is leased to or otherwise used by on-site manager(s). "Gross Revenue" shall not include tenants' security deposits, required reserves or deposits, proceeds from the Senior Loan, the Agency Loan, the Agency Grant, Developer Equity, or other financing provided to the Developer, including financing provided by Investors, including capital contributions or similar advances, or interest that is earned on and allocated to reserve accounts.

(ii) "**Annual Operating Expenses**," with respect to each calendar year shall mean the following costs reasonably and actually incurred for operation and maintenance of the Project to the extent that they are consistent with Borrower's annual certified statement of revenues and expenses prepared using generally accepted accounting principles: property and other taxes and assessments imposed on the Project; premiums for property damage and liability insurance; utility services not paid for directly or reimbursed by tenants, including but not limited to water, sewer, trash collection, gas and electricity; maintenance and repair including but not limited to pest control, landscaping and grounds maintenance, painting and decorating, installation of appliances, cleaning, common systems repairs, general repairs, janitorial, supplies, and similar customary utility services; any license or certificate of occupancy fees required for operation of the Project; general administrative expenses including but not limited to advertising and marketing, security services and systems, professional fees for Borrower's legal, audit, accounting and tax returns, and similar customary administrative expenses; property management fees, expenses and costs, not to exceed six percent (6%) of Gross Revenue and pursuant to a management contract approved by the Agency; cash deposited into a replacement reserve in the amount of $200 per unit per year, subject to annual increases not to exceed three percent (3%) or such higher amount as required by the Senior Lender or Investors; cash deposited into an operating reserve in such reasonable amounts as are required by Senior Lender, all other fees and expenses which may be provided in Developer's approved annual budget; repayments of loans made by a member or affiliate of a member of the Developer for payment of operating deficits or similar operating shortfalls, deferred Developer Fee; necessary capital expenditures for the upkeep and repair of the Project and any expenditures required based upon a physical needs assessment by the Senior Lender (not paid from reserves);; fixed debt service payments (excluding debt service contingent upon the availability of residual receipts or surplus cash of the Project) on loans associated with the Project and approved by the Agency; and monitoring fees to the Agency in the amount of $5,000 in the first year with annual increases of 3%. "Annual Operating Expenses" shall not include the following: book depreciation, amortization, depletion or other non-cash expenses or any amount expended from a reserve account. Annual Operating Expenses shall be subject to the reasonable approval of the Agency.

The term "**Senior Loan**" shall mean, individually and collectively, the Construction Loan and the Permanent Loan, or any other loan secured by a deed of trust or other instrument to which the Agency agrees to subordinate this Note, the Agency Deed of Trust and the other Agency Loan Documents.

2. This Note evidences the obligation of the Borrower to the Agency for the repayment of the Agency Loan. Borrower may prepay the principal balance of this Note at any time without penalty. However, even if Borrower prepays the entire balance of this Note including all accrued interest, costs and penalties, the covenants, conditions and restrictions imposed on the

Property by the Agreement Containing Covenants shall remain in full force and effect for the full term as specified therein.

3. This Note is payable at the principal office of Agency, 9770 Culver Boulevard, Culver City, California 90230-0507, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

4. This Note is secured by the Agency Deed of Trust.

5. This Note shall accrue simple interest at the rate of one and one-half percent (1½%) per annum on a "draw down" basis on the principal amount disbursed by the Agency, from the date of disbursement. However, if any event occurs giving the Agency the right to accelerate repayment of this Note, the entire unpaid principal balance owing hereunder shall, as of the date of such default, commence to accrue interest at a rate equal to maximum interest rate permitted by law (the "Default Rate"). Further, in the event Borrower fails to reimburse the Agency for any amount advanced by or for the account of the Agency which is due hereunder or under the Agency Deed of Trust within ten (10) days after written notice of such advance is made by the Agency to Borrower, then such unreimbursed amount shall thereafter bear interest at the Default Rate until paid

6. The unpaid principal balance of this Note and all accrued but unpaid interest shall be due and payable on the earliest to occur of the following (which shall be referred to herein as the "Maturity Date"):

(a) June 30, 20__;

(b) the thirtieth (30th) anniversary of the Conversion Date, evidenced by the recording against the Property of a reconveyance of the Construction Loan Deed of Trust upon repayment in full of the Construction Loan;

(c) the date the Property or the improvements thereon or any portion thereof or interest therein is sold, transferred, assigned or refinanced, without the prior written approval of the Agency, except as permitted by the provisions of Section 203 ("Prohibition Against Transfers") of the Housing Agreement; or

(d) the date on which there is a Default by the Borrower under the terms of this Note, the Housing Agreement , the Agency Deed of Trust, the Agreement Containing Covenants, or any deed of trust or other instrument securing the Senior Loan, which is not cured or waived within the respective time period provided herein and therein.

7. Prior to the Maturity Date, Borrower shall be obligated to repay the Agency Loan as follows:

(a) Borrower shall be obligated to repay the principal amount of this Agency Note and the accrued interest, without set off or deduction, by paying to the Agency, on each

May 1 in "Residual Receipts ," to the extent Residual Receipts are available, for the calendar year, or portion thereof, ending on the immediately preceding December 31 (as the term "Residual Receipts " are defined in Section 1 of this Agency Note), twenty-five percent (25%) of that year's Residual Receipts. The first such repayment under this Section 7 shall be due on the first May 1 which is one full calendar year following the Conversion Date (as defined in the Affordable Housing Agreement), and the last payment shall be due on May 1 thirty (30) years later. Notwithstanding the foregoing, this Agency Note shall be fully due and payable on the Maturity Date.

(b) The Agency Loan evidenced by this Note is based on the assumption that, upon completion, all Project Costs will be $14,021,400. To induce the Agency to make the Agency Loan evidenced hereby, Borrower covenants and agrees as follows. To the extent final Project Costs, as determined by a cost certification performed not later than 90 days following completion of construction, at Borrower's expense, by a Certified Public Accountant reasonably acceptable to the Agency, are less than $14,021,400, an amount equal to fifty percent (50%) of the resulting cost savings shall be allocated to pay accrued interest on and then reduce the principal amount of the Agency Loan.

(c) Upon any sale or transfer of the Project or a refinance of the Senior Loan, Borrower shall pay fifty percent (50%) of the Net Proceeds to the Agency.

(d) All payments to the Agency shall be applied first to the payment of all expenses, charges, costs and fees incurred by or payable to Agency by Borrower pursuant to the terms of the Agency Loan Documents (in such order and manner as Agency, in its sole discretion, may elect), then to the payment of all interest accrued to the date of such payment, and then to reduce the principal amount owed. All prepayment of principal on this Note shall be applied to the most remote principal installment or installments until paid. Notwithstanding anything to the contrary contained herein, after the occurrence and during the continuation of a default under the Agency Deed of Trust, all amounts received by the Agency from any party shall be applied in such order as the Agency, in its sole discretion, may elect.

8. Any breach by Borrower of the provisions of Section 203 ("Prohibition Against Transfers") of the Housing Agreement shall constitute a default under this Note. The cure periods under the Housing Agreement and this Note in connection with such a default shall run concurrently.

9. Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Agency Deed of Trust or any term or provision of either.

10. Upon the failure of Borrower to perform or observe any term or provision of this Note, or upon the occurrence of any event of default under the terms of the Housing Agreement, the Agency Deed of Trust, the Environmental Indemnity, or the Agreement Containing Covenants, the holder may exercise its rights or remedies hereunder or thereunder. All such rights and remedies shall be cumulative. Upon the event of a default that is not cured or waived within the time provided therefore, the whole of the unpaid principal and interest owing on this Note shall, at the option of Agency and without notice, become immediately due and payable. This right of the Agency to declare amount owing on this Note immediately due and payable may be exercised at any time after any such event and the acceptance of one or more payments from any person thereafter shall not constitute a waiver of Agency's right. Agency's failure to exercise said right in connection with any particular event or series of events shall not be construed as a waiver of the provisions hereof as regards that event or any subsequent event.

11. (a) Subject to the extensions of time set forth in Section 12, and subject to the further provisions of this Section 11, failure or delay by Borrower to perform any material term or provision of this Note, the Housing Agreement, the Agency Deed of Trust, the Environmental Indemnity, or the Agreement Containing Covenants constitutes a default under this Note.

(b) Agency shall give written notice of default to Borrower, specifying the default complained of by the Agency. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Agency in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Agency in asserting any of its rights and remedies shall not deprive Agency of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, the Agency shall give the Borrower written notice of such default. The Borrower shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by the Agency.

(e) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the Agency shall give Borrower notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Borrower shall have such period to effect a cure prior to exercise of remedies by the Agency. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Borrower (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the Agency. In no event shall the Agency be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

(f) Any notice of default shall be deemed given only if either (i) dispatched by first class mail, registered or certified, postage prepaid, return receipt requested, to the address specified for the Borrower in Section 16 of this Note, or (ii) by electronic facsimile transmission to the facsimile number specified for the Borrower in Section 16 of this Note, followed by delivery by the method described in clause (i), or (iii) by personal delivery (including by means of professional messenger or courier service such as United Parcel Service or Federal Express) to the address specified for the Borrower in Section 16 of this Note. Receipt shall be deemed to have occurred on the earlier of (i) the date of successfully completed electronic facsimile transmission or (ii) the date marked on a written postal service or messenger or courier service receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). If either party gives notice of a change of address in the manner specified in this paragraph, all notices, demands and communications originated after receipt of the change of address (or the effective date specified in the notice of change of address, if later) shall be transmitted, delivered or sent to the new address.

12. Notwithstanding specific provisions of this Note, non-monetary performance hereunder shall not be deemed to be in default where delays are due to causes beyond the control and without the fault of the party claiming an extension of time to perform (a "Force Majeure Delay"), provided that they actually delay and interfere with the timely performance of the matter to which they would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such interference, including: war; insurrection; strikes; lock-outs; riots; systemic failure of the financial markets; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any Governmental Agency (except acts or failure to act of Agency shall not excuse performance by Agency); the imposition of any applicable moratorium by a Governmental Agency; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Delay unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within ten (10) business days after it obtains actual knowledge of the event.

13. If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations must be completely performed and paid.

14. The Agency Deed of Trust securing this Note shall be subordinate and junior in all respects to the liens, terms, covenants and conditions of the Senior Deed of Trust, to the extent and in the manner provided in that certain subordination agreement with Senior Lender dated on or

about the date hereof (the "Subordination Agreement"). The rights and remedies of the payee and each subsequent holder of this Note under the Agency Deed of Trust securing this Note are subject to the restrictions and limitations set forth in the Subordination Agreement. Each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of the Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the Agency under the Subordination Agreement.

15. The obligation to repay the Agency Loan is a nonrecourse obligation of the Borrower and its members. In the event of any default under the terms of this Note or the Deed of Trust, the sole recourse of the Agency for any and all such defaults shall be by judicial foreclosure or by the exercise of the trustee's power of sale, and Borrower and its partners shall not be personally liable for the payment of this Note or for the payment of any deficiency established after judicial foreclosure or trustee's sale; provided, however, that the foregoing shall not in any way affect any rights the Agency may have (as a secured party or otherwise) hereunder or under the Affordable Housing Agreement or Deed of Trust. The sole recourse of the Agency with respect to repayment of the Agency Loan shall be the exercise of its rights against the Property and the improvements thereon and any related security for the Agency Loan. Notwithstanding the foregoing, the Agency

(a) may obtain a judgment or order (including, without limitation, an injunction)requiring Borrower or any other party to perform (or refrain from) specified acts other than repayment of the Agency Loan; and

(b) may recover directly from Borrower or any other party:

(i) any damages, costs and expenses incurred by Agency as a result of fraud or any criminal act or acts of Borrower or any member, shareholder, officer, director or employee of Borrower or of any member of Borrower;

(ii) any damages, costs and expenses incurred by Agency as a result of any misappropriation of funds provided for the Project, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(iii) any and all amounts owing by Borrower pursuant to Borrower's indemnification regarding Hazardous Substances; and

(iv) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

16. The address of Borrower for purposes of receiving notices pursuant to this Note is as follows:

4043 Irving Place Investors, LLC
6060 Center Drive, Suite 800
Los Angeles, CA 90045
Telecopier: 310-846-5310
Attention: George H. Mitsanas

4043 Irving Place Investors, LLC
c/o Culver City Volvo
11201 West Washington Boulevard
Culver City, CA 90230
Telecopier: 310-313-0950
Attention: Sal Gonzales

With a copy to: Cox Castle Nicholson LLP
555 California Street, 10th Floor
San Francisco, CA 94104
Telecopier: (415) 392-4250
Attention: Stephen C. Ryan

17. In addition to the other terms of this Note, the Borrower hereby agrees and acknowledges that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its operating agreement or other organizational document, the terms of this Note and the Housing Agreement shall control as to the use of the Agency funds provided under the Housing Agreement and all operating income from the Project.

18. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by the Agency and Borrower.

19. Notwithstanding any provision in this Note, the Agency Deed of Trust or other document securing same, the total liability for payment in the nature of interest shall not exceed the limit imposed by applicable laws of the State of California.

20. This Note has been executed and delivered by Borrower in the State of California and is to be governed and construed in accordance with the internal laws thereof, disregarding the rules governing conflict of laws.

21. Every provision of this Note is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable, and this Note shall be construed as if such illegal, invalid or unenforceable term or provision had not been contained herein.

22. Time is of the essence in the performance of each provision hereof.

IN WITNESS WHEREOF Borrower has executed this Note as of the day and year set forth above.

BORROWER:

4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC**,**
a California limited liability company

Its: Manager

By: ___________________________
George H. Mitsanas

Its: Manager

By:____________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CULVER CITY REDEVELOPMENT AGENCY
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per *Gov. Code* §27383)

APN: 4207-007-907

DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) BY 4043 IRVING PLACE INVESTORS, LCC FOR THE BENEFIT OF THE CULVER CITY REDEVELOPMENT AGENCY

This Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents), dated for identification purposes only, July __, 2010 is made by 4043 IRVING PLACE INVESTORS, LLC, a California limited liability company (hereinafter referred to as "Trustor") (whose address is 6060 Center Drive, Suite 800, Los Angeles, California, 90045, to ________________________, (hereinafter called "Trustee"), for the benefit of the CULVER CITY REDEVELOPMENT AGENCY, a public body corporate and politic (hereinafter called "Beneficiary"), whose address is 9770 Culver Boulevard, Culver City, CA 90230-0507.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION all present and future right, title and interest of Trustor in and to the following property (the "Trust Estate"):

(1) All of Trustor's rights, title and interest in and to that certain real property in the City of Culver City, County of Los Angeles, State of California more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof (hereafter referred to as the "Subject Property");

(2) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements");

(3) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances").

(The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property");

(4) subject to the assignment to Beneficiary set forth in Paragraph 4 below, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the ownership, use, management, operation, leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

(5) all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods," and together with the Real Property, the "Property"); and

(6) all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types on intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estate described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Sections 9502(c) and 9604 of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, all of the following:

(1) Due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following (the "Secured Obligations"):

(a) a promissory note in the original principal amount of $3,366,000, payable from the residual receipts of the Project, executed by Trustor ("Borrower" therein) of even date herewith (the "Agency Note");

(b) the Affordable Housing Agreement dated as of July 26, 2010, by and between Trustor ("Developer" therein) and Beneficiary ("Agency" therein) (the "Housing Agreement"); and

(c) the Agreement Containing Covenants Affecting Real Property (Including Affordable Housing Restrictions) dated as of July __, 2010 by and between Trustor ("Owner" therein) and Beneficiary ("Agency" therein), recorded concurrently herewith ("Agreement Containing Covenants").

(2) Payment of indebtedness of the Trustor to the Beneficiary in the principal sum of $3,400,000 or so much thereof as shall be advanced, evidenced by the Agency Note, with interest, according to the terms of the Agency Note.

(3) Payment and performance of all future advances and other obligations that the then record owner of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when such future advance of obligation is evidenced by a writing which recites that it is secured by this Deed of Trust.

The Housing Agreement, including all Attachments thereto, and the documents and instruments executed by Trustor in connection with the Project, including the Agreement Containing Covenants, the Agency Note, the Assignment of Rents, the Assignment of Agreements, and the UCC1 Financing Statement, all as described in the Housing Agreement and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced. Any capitalized term that is not otherwise defined in this Deed of Trust shall have the meaning ascribed to such term in the Housing Agreement.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Agency Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the Secured Obligations at the time and in the manner respectively provided therein;

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the uses permitted by the Secured Obligations;

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That, subject to the prior rights, if any, of a lender whose lien is senior to this Deed of Trust (“Senior Lender”), all rents, profits and income from the Trust Estate are assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Secured Obligations.

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate and operate same and collect the rents, profits and income therefrom;

6. That Trustor will keep the Improvements insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by the Beneficiary, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than 100 percent of the insurable value of the Property. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary and certificates thereof together with copies of original policies shall be deposited with the Beneficiary;

7. To pay, at least 10 days before delinquency, any taxes and assessments affecting the Property; to pay, when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is

contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

8. To keep the Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property; not to permit or suffer any material alteration of or addition to the Improvements without the consent of the Beneficiary;

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear;

10. Should Trustor fail to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default, after the giving of notice and the expiration of any applicable cure period, Beneficiary or Trustee being authorized to enter upon said property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay reasonable attorney fees. Notwithstanding the foregoing, in the event of default under this Deed of Trust, the Beneficiary may also require Trustor to maintain and submit additional records. Beneficiary shall specify in writing the particular records that must be maintained and the information or reports that must be submitted;

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the rate specified in the Agency Note;

13. That the funds to be advanced hereunder are to be used in accordance with the Secured Obligations and upon the failure of Trustor to keep and perform all the covenants, conditions, and agreements of said agreements, the principal sum and all arrears of interest, and

other charges provided for in the Agency Note shall at the option of the Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding;

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the property subject to this Deed of Trust any lien or liens except as permitted by the Secured Obligations or otherwise approved by Beneficiary, and further that it will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request, prior to foreclosure) record in the Office of the Recorder of Los Angeles County, a surety bond in an amount one-and-one-half (1½) times the amount of such claim item to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary;

15. That any and all improvements made or about to be made upon the premises covered by the Deed of Trust, and all plans and specifications, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office;

16. Trustor herein agrees to pay to Beneficiary or to the authorized loan servicing representative of the Beneficiary a reasonable charge for providing a statement regarding the obligation secured by this Deed of Trust as provided by Section 2954, Article 2, Chapter 2 Title 14, Division 3, of the California Civil Code.

IT IS MUTUALLY AGREED THAT:

17. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, subject to the rights of Senior Lender, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. Subject to the rights of the Senior Lenders, all such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorney's fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the

Agency Note secured hereby. No amount applied to the reduction of the principal shall relieve the Trustor from making regular payments as required by the Agency Note. If the Agency Note has been repaid in full, the remainder of the balance shall revert to the Trustor;

18. Upon default by Trustor in making any payments provided for in the Agency Note secured hereby or in this Deed of Trust, or in performing any obligation set forth in any of the Secured Obligations, and if such default is not cured within the respective time provided therefor in Section 34 of this Deed of Trust, below, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby;

19. a. Prior to the repayment in full of the Agency Loan, the Trustor shall not assign or attempt to assign the Housing Agreement or any right therein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Property, the Improvements, or any portion thereof or interest therein (referred to hereinafter as a “Transfer”), without prior written approval of the Beneficiary, except as otherwise permitted in the Secured Obligations. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary shall not unreasonably withhold or delay its consent. If consent should be given, any such transfer shall be subject to this Section 19, and any such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein, subject to the provisions of paragraph e.(3) of this Section 19, below.

b. Any such proposed transferee shall have the qualifications and financial responsibility necessary and adequate as may be reasonably determined by the Beneficiary, to fulfill the obligations undertaken by Trustor in the Secured Obligations. Any such proposed transferee, by instrument in writing satisfactory to the Beneficiary and in form recordable among the land records of Orange County, for itself and its successors and assigns, and for the benefit of the Beneficiary shall expressly assume all of the obligations of the Trustor under the Secured Obligations, and agree to be subject to all conditions and restrictions applicable to the Trustor in this Deed of Trust, subject to the provisions of paragraph e.(3) of this Section 19. There shall be submitted to the Beneficiary for review all instruments and other legal documents proposed to effect any such transfer; and if approved by the Beneficiary its approval shall be indicated to the Trustor in writing.

c. In the absence of specific written agreement by the Beneficiary, no Transfer, or approval thereof by the Beneficiary, shall be deemed to relieve the Trustor or any other party from any obligations under the Secured Obligations.

d. In the event of a Transfer prior to the time the Agency Loan is paid in full and without the prior written consent of the Beneficiary, the net proceeds (after repayment in full of the Senior Loan and the reconveyance of the Senior Deed of Trust), shall be paid to the Beneficiary to the extent necessary to pay in full the accrued interest, if any, current interest and remaining principal balance of the Agency Loan.

e. (1) As used herein, "Transfer" includes the sale, agreement to sell, transfer or conveyance of the Property, the Project, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment land sale contract or similar instrument affecting all or a portion of the Property or Project, or the lease of all or substantially all of the Property or Project, except as provided in subparagraph e.(3) of this Section 19, below.

(2) "Transfer" shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Trustor, or any conversion of Trustor to an entity form other than that of Trustor at the time of execution of the Housing Agreement, except that a cumulative change in ownership interest of any member of forty-nine percent (49%) or less shall not be deemed a "Transfer" for purposes of this Deed of Trust.

(3) Notwithstanding paragraphs (1) and (2), above, "Transfer" shall not include any of the following Permitted Transfers:

(a) a conveyance of a security interest to the beneficiary of the Senior Deed of Trust or the conveyance of title to the Property or Project in connection with a foreclosure, a deed in lieu of foreclosure or similar conversion of such loan;

(b) a conveyance of the Property or Project to a limited liability company in which the Managing Member is Trustor or Trustor's Managing Member or a sale back from such limited liability company to Trustor or Trustor's Managing Member.

(c) the leasing for occupancy of all or any part of the Property or Project in accordance with the Housing Agreement and the Agreement Containing Covenants.

(d) the inclusion of equity participation by Trustor by transfer or addition of members to Trustor or similar mechanism.

f. Beneficiary shall not unreasonably withhold, condition or delay its approval of any matter for which its approval is required hereunder. Any disapproval shall be in writing and contain Beneficiary's reasons for disapproval.

20. After the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and

place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorney's fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Agency Note; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, including but not limited to the obligations set forth in the Agreement Containing Covenants, and upon surrender of this Deed of Trust and any note, instrument or instruments setting forth all obligations secured hereby to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When the Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future rents, issues and profits of the Property to the person or persons legally entitled thereto;

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the Agency Note secured hereby. In this Deed of Trust, whenever

the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several;

26. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee. Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law;

27. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth on the first page of this Deed of Trust.

28. Trustor agrees at any time and from time to time upon receipt of a written request from Beneficiary, to furnish to Beneficiary detailed statements in writing of income, rents, profits, and operating expenses of the premises, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the premises and their use as may be requested by Beneficiary.

29. Trustor agrees that the loan secured by this Deed of Trust is made expressly for the purpose of financing the construction of Improvements on the Property, including 12 dwelling units of affordable housing for Low Income and Moderate Income Households, and such dwelling units shall be occupied exclusively by such persons as set forth in the Secured Obligations.

30. Trustor agrees that, except as otherwise provided in the Agency Note, upon sale or refinancing of the property, the entire principal balance of the debt secured by this Deed of Trust, plus any accrued but unpaid interest thereon, shall at the option of Beneficiary be immediately due and payable.

31. The obligation to repay the Agency Loan is a nonrecourse obligation of the Trustor and its members. Neither Trustor nor any of its members, nor any other party, shall have any personal liability for repayment of the loan. The sole recourse of Beneficiary shall be the exercise of its rights against the Property and any related security for the Agency Loan. Notwithstanding the foregoing, Beneficiary may obtain a judgment or order (including, without limitation, an injunction) requiring Trustor or any other party to perform (or refrain from) specified acts other than repayment of the Agency Loan; and may recover directly from Trustor or from any other party:

(a) any damages, costs and expenses incurred by Beneficiary as a result of fraud or any criminal act or acts of Trustor or any member, shareholder, officer, director or employee of Trustor, or of any member of Trustor;

(b) any damages, costs and expenses incurred by Beneficiary as a result of any misappropriation of funds provided for the construction of the Improvements on the Property as described in the Housing Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Trustor pursuant to the indemnification regarding Hazardous Substances pursuant to the Environmental Indemnity; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

32. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are proximately caused by any of the following Force Majeure events, provided such event actually delays and interferes with the timely performance of the matter, and, despite the exercise of diligence and good business practices, such event is beyond the reasonable control of Trustor: War; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of any Governmental Authority (except acts or failure to act of the Beneficiary shall not excuse performance by the Beneficiary); the imposition of any applicable moratorium by a Governmental Authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until Trustor delivers to Beneficiary written notice describing the event, its cause, when and how Trustor obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Trustor shall deliver such written notice within ten (10) business days after it obtains actual knowledge of the event.

33. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the Secured Obligations, the unsecured portion of such obligations shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to the complete payment of the unsecured portion of the obligations.

34. (a) Subject to the extensions of time set forth in Section 32, and subject to the further provisions of this Section 34, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations or this Deed of Trust constitutes a default under this Deed of Trust.

(b) Beneficiary shall give written notice of default to Trustor, specifying the default complained of by the Beneficiary. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) If a monetary event of default occurs, prior to exercising any remedies hereunder, Beneficiary shall give Trustor written notice of such default. Trustor shall have a period of ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by Beneficiary.

(e) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, Beneficiary shall give Trustor notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Trustor shall have such period to effect a cure prior to exercise of remedies by Beneficiary. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Trustor (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Beneficiary. In no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

(f) Except as otherwise required to comply with the provisions of California Civil Code Section 2924 et seq. that are applicable thereto, any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a “hard” copy, shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor; and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

35. This Deed of Trust shall be subordinate and junior to the Senior Deed of Trust, as described in the Housing Agreement. The Executive Director of the Beneficiary or his designee shall execute such instruments as may be necessary to subordinate the lien of this Deed of Trust, to the deed of trust securing any Senior Loan. In the event of a default or breach by Trustor of any security instrument securing a Senior Loan described in this Section 35, Beneficiary shall have the right to cure the default prior to completion of any foreclosure. In such event, Beneficiary shall be entitled to reimbursement by Trustor of all costs and expenses incurred by Beneficiary in curing the default. The amount of any such disbursements shall be a lien against the Property and added to the

obligation secured by this Deed of Trust until repaid, with interest at the highest rate permitted by law.

38. This Deed of Trust shall be subject to the terms and conditions set forth in that certain Subordination Agreement, dated on or about the date hereof, by and among the Trustor, Senior Lender and Beneficiary, as the same may be amended, restated, supplemented or modified from time to time.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF Trustor has executed this Deed of Trust as of the day and year set forth above.

"TRUSTOR"
4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC
A California limited liability company

Its: Manager

By: ______________________________
George H. Mitsanas

Its: Manager

By: ______________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

APPROVED BY:

"**AGENCY**"
CULVER CITY REDEVELOPMENT AGENCY,
a public body corporate and politic

By: ___________________________________
Executive Director

ATTEST:

By: ___________________________________
Agency Secretary

APPROVED AS TO FORM:

By: ___________________________________
General Counsel

By: ___________________________________
KANE, BALLMER & BERKMAN
Agency Special Counsel

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature____ (Seal)

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature____ (Seal)

Exhibit A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CULVER CITY REDEVELOPMENT AGENCY
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per *Gov. Code* §27383)

APN: 4207-007-907

AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY
(INCLUDING AFFORDABLE HOUSING RESTRICTIONS)

THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY (INCLUDING AFFORDABLE HOUSING RESTRICTIONS) ("Agreement") dated for identification purposes only July __, 2010 is entered by and between THE CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency") and 4043 IRVING PLACE INVESTORS, LLC, a California limited liability company ("Owner").

RECITALS:

A. Agency is responsible for the use of certain low- and moderate-income housing funds pursuant to California's Community Redevelopment Law [*California Health & Safety Code §§33000, et seq.*] ("Set Aside Funds").

B. Agency and Owner ("Developer" therein) have entered into that certain Affordable Housing Agreement, dated as of July 26, 2010 (the "Housing Agreement"), concerning Owner's development and operation of that certain real property more particularly described in Exhibit No. 1 attached hereto and incorporated by reference herein (the "Property"). The Housing Agreement describes the "Project" which generally consists of Owner's development on the Property of a total of twenty-eight (28) dwelling units and one (1) commercial unit and subsequent operation thereof as a rental housing complex. Twelve of the dwelling units are to be restricted to occupancy by Low Income and Moderate Income Households. The Housing Agreement is hereby incorporated herein by this reference as though fully set forth herein. Any capitalized terms not defined herein shall have the meanings ascribed to such terms in the Housing Agreement.

D. Owner has executed that certain promissory note (the "Agency Note") dated on or about the date hereof, pursuant to which Agency has provided Owner with a loan of Set Aside Funds in the principal amount of Three Million Three Hundred Sixty Six Thousand Dollars ($3,366,000). The Agency Note is secured by a Deed of Trust with Assignment of Rents dated on or about the date of the Note, naming Agency as beneficiary ("Agency Deed of Trust").

F. Agency and Owner now desire to place restrictions upon the use and operation of the Project, in order to ensure that twelve (12) of the dwelling units in the Project shall be operated continuously as affordable housing available for rental to Low Income and Moderate Income Households in accordance with the terms set forth below for the term of this Agreement.

AGREEMENT:

NOW, THEREFORE, the Owner and Agency declare, covenant and agree, by and for themselves, their heirs, executors, administrators and assigns, and all persons claiming under or through them, that the Property, for the term of this agreement, shall be held transferred, encumbered, used, sold, conveyed, leased and occupied, subject to the covenants and restrictions hereinafter set forth:

1. DEFINITIONS.

1.1 Affordable Rent. The term "Affordable Rent" shall mean the monthly payments charged to and paid by tenants to the Owner for the use and occupancy of a Low Income Unit or a Moderate Income Unit and facilities associated therewith, including a reasonable allowance for utilities, but shall not include any optional services provided by Owner to residents (i.e., concierge or other personal services that are not customarily included in rent). Affordable Rent shall mean:

a. for Low Income Units, rental rates not to exceed thirty percent (30%) times sixty percent (60%) of Area Median Income adjusted for household size appropriate to the unit.

b. for Moderate Income Units, rental rates not to exceed thirty percent (30%) times one hundred ten percent (110%) of Area Median Income adjusted for household size appropriate to the unit..

As used in this definition of "Affordable Rent" the phrase "adjusted for household size appropriate to the unit" means a household size equal to the number of bedrooms in the unit plus one. Affordable Rent shall include a reasonable utility allowance for tenant-paid utilities based on the Los Angeles County Housing Authority's published utility schedules.

1.2 Area Median Income. The term "Area Median Income" shall mean the area median income of Los Angeles County, with adjustments for household size, as estimated annually by the United States Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937 as amended and published by California's Housing and Community Development Department pursuant to Health and Safety Code section 50093.

1.3 Eligible Tenant. The term "Eligible Tenant" shall mean any person entitled to rent a Low Income Unit or a Moderate Income Unit as set forth in this Agreement.

1.4 Low Income Household. The term "Low Income Household" shall have meaning given to "lower income households" in Health and Safety Code section 50079.5(a), generally being a household whose income does not exceed 80% of the Area Median Income adjusted for family size.

1.5 Low Income Unit. The term "Low Income Unit" shall mean one of the two (2) two-bedroom and one (1) one-bedroom rental dwelling units in the Project restricted to occupancy by Low Income Households.

1.6 Moderate Income Household. The term "Moderate Income Household" shall mean a household whose income does not exceed 120% of Area Median Income adjusted for family size.

1.7 Moderate Income Unit. The term "Moderate Income Unit" shall mean one of the five (5) two-bedroom and four (4) one-bedroom rental dwelling units in the Project restricted to occupancy by Moderate Income Households.

1.8 Restricted Unit. The term "Restricted Unit" shall mean each of the Low Income Units and Moderate Income Units. The Restricted Units shall be distributed throughout the Project, the intent being that Restricted Units will not be clustered together.

2. TERM OF AGREEMENT; PRIORITY OF AGREEMENT; USE OF PROPERTY. As required by California *Health and Safety Code* Section 33334.3, this Agreement shall commence upon its execution and shall remain in effect for the longest feasible period but not less than the period terminating fifty-five (55) years following the date on which a Release of Construction Covenants is recorded for the Project. This Agreement shall remain in effect throughout its full term, notwithstanding the payment in full of the Agency Loan. This Agreement is secured by the Agency Deed of Trust and Owner shall not be entitled to a reconveyance of the Agency Deed of Trust prior to the expiration of the full term of this Agreement. This Agreement shall unconditionally be and remain at all times prior and superior to the lien created by the Senior Deed of Trust and any other of the Senior Loan Documents and all of the terms and conditions contained in the Senior Loan Documents and to the lien of any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Loan. Owner hereby agrees that the Low Income Units and the Moderate Income Units in the Project are to be owned, managed, and operated as a project for Eligible Tenants for the term of this Agreement. To that end, and for the term of this Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

2.1 Schedule. The Project activities shall be accomplished within the time provided in the Schedule of Performance, which is attached to the Housing Agreement.

2.2 Tasks and Budget. The Project Costs are indicated in the Project Budget attached to the Housing Agreement. The Set Aside Funds shall be used exclusively for development of the Project.

2.3 Construction Covenant. Owner hereby covenants and agrees on behalf of itself and its successors and assigns in the Property or any portion thereof or any improvements thereon or any interest therein that Owner and such successors and assigns shall develop the Project in accordance with the Housing Agreement (including but not limited to the Scope of Development), the Redevelopment Plan for the Culver City Redevelopment Project, this Agreement, and plans approved by the Agency and the City of Culver City.

2.4 Facilities. All of the Units in the Project shall contain facilities adequate for living, sleeping, eating, cooking and sanitation in accordance with all applicable federal, state and local laws and codes. The construction and maintenance of the Units shall comply with the City's building code and all other applicable local codes, building standards, ordinances and zoning ordinances in effect, and the Units shall be decent, safe and sanitary and shall conform to the building, electrical, plumbing, mechanical and energy codes that have been adopted by the City of Culver City. To the extent applicable, the Project shall comply with the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and, if applicable, the design and construction requirements at 24 CFR 100.205 for covered multifamily dwellings, as defined at 24 CFR 100.201, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

2.5 Residential Use. None of the Units in the Project will at any time be utilized on a transient basis or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, or trailer court or park, or any other use that is inconsistent or incompatible with this Agreement.

2.6 Conversion of Units. No part of the Project will at any time be owned by a cooperative housing corporation nor shall the Owner take any steps in connection with the conversion to such ownership or uses to condominiums, or to any other form of ownership.

2.7 Tenant Preference. All of the Restricted Units will be made available to Eligible Tenants for rental in accordance with the terms of this Agreement, and the Owner shall not give preference to any particular class or group in renting those Units, except to the extent that the Restricted Units are required to be leased or rented to Eligible Tenants and except as provided in Section 3.6 below.

2.8 Tenant Protections. Owner shall comply with the following tenant protections:

a. The lease of a Restricted Unit must be for not less than one year, unless by mutual agreement between tenant and Owner.

b. The lease of a Restricted Unit may not contain any of the following provisions:

(1) Agreement by the tenant to admit guilt or to a judgment in favor of Owner in a lawsuit brought in connection with the lease;

(2) Agreement by the tenant that the Owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the Unit after the tenant has moved out of the Unit. The Owner may dispose of this personal property in accordance with state law.

(3) Agreement by the tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;

(4) Agreement by the tenant that the Owner may institute a lawsuit without notice to the tenant;

(5) Agreement by the tenant that the Owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(6) Agreement by the tenant to waive any right to a trial by jury;

(7) Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

(8) Agreement by the tenant to pay attorney's fees or other legal costs if the tenant wins in a court proceeding by the Owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

Owner shall adhere to a fair lease and grievance procedure approved by the Agency.

2.9 Termination of Tenancy. Owner, its successors or assigns, may not terminate the tenancy or refuse to renew the lease of a tenant of a Restricted Unit, except (i) for serious or repeated violation of the terms and conditions of the lease; (ii) for violation of applicable federal, state, or local law; (iii) violation of occupancy rules as described in Section 3 below; or (iv) for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by the Owner's service upon the tenant of a written notice specifying the grounds for the action.

3. OCCUPANCY OF RESTRICTED UNITS BY ELIGIBLE TENANTS. Owner hereby represents, warrants, and covenants as follows:

3.1 Income Restrictions. Except as expressly provided herein, throughout the term of this Agreement, the Restricted Units shall be rented only to, and occupied only by, Eligible Tenants.

3.2 Rental Rates. Owner shall rent the Restricted Units to Eligible Tenants at no more than the allowable Affordable Rents for a household size appropriate to the unit, which is the number of bedrooms plus one. The rental rates for the Restricted Units shall be adjusted annually based upon annual updates of the applicable income and rent standards, including but not limited to updates published by the California Housing and Community Development Department. In no event shall any of the Restricted Units be rented at a rate greater than the applicable Affordable Rent. Failure to comply with the affordability requirements of this Agreement is an event of default under the terms of the Agency Loan. Subject to the right to cure, the Agency Loan of Set Aside Funds will be due and payable immediately if the Restricted Units do not meet the requirements of this Agreement.

3.3 Occupancy By Eligible Tenant. If at any time a Restricted Unit tenant's household income increases, resulting in disqualification of such tenant as a Low Income Household or Moderate Income Household, as applicable, such tenant shall have a period of ninety (90) days to relocate from the Property. The disqualified tenant shall be fully responsible for the costs and expenses related to the relocation. Should such tenant face extraordinary hardship in relocating from the Property, the tenant may submit a written appeal to the Agency requesting an extension of the time period within which the tenant must relocate. If the Agency's Executive Director determines in his or her sole discretion that a hardship exception is justified by the circumstances, he or she may extend the relocation period for up to a maximum of ninety (90) additional days.

The provisions set forth in this Section 3.3 shall apply only to the extent such provisions are not in conflict with any applicable federal or state law or any regulatory agreement affecting the Project that is recorded in superior priority to this Agreement.

3.4 Maximum Occupancy. The maximum number of persons residing in a Unit may not exceed the maximum occupancy standards of the City of Culver City. Owner shall be responsible for enforcing this maximum occupancy limit. Upon discovery of a violation of this Section 3.4, Owner shall immediately notify the tenant of record in writing ("Occupancy Violation Notice"). In the Occupancy Violation Notice, Owner shall inform the tenant of the occupancy violation and provide the tenant with an opportunity to cure the violation within thirty (30) days from the date of the Notice.

3.5 Income Computation. Immediately prior to a prospective tenant's occupancy of a Restricted Unit, Owner shall obtain and maintain on file an income computation and certification form from such prospective tenant dated immediately prior to the date of initial occupancy of a Restricted Unit by such prospective tenant. Owner shall verify that the income information provided by an applicant is accurate by following all applicable Agency policies and procedures and by taking one or more of the following steps as a part of the verification process: (i) obtain two (2) pay stubs from the most recent pay periods; (ii) obtain a written verification of income and employment from applicant's current employer; (iii) obtain an income verification form from the Social Security Administration and/or California Department of Social Services if the applicant receives assistance from either agency; (iv) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income as is reasonably satisfactory; or (v) obtain such other information as may be reasonably required. Owner shall update the foregoing records annually and shall provide copies of updated tenant eligibility records and monthly rental records relating to the Restricted Units to the Agency for review. Health and Safety Code Section 33418(b) requires the Agency to adequately fund its compliance monitoring activities and authorizes the Agency to impose fees upon the owners of properties monitored pursuant to Section 33418 to defray the cost of complying with the Agency's monitoring and reporting obligations. Therefore, Developer agrees that, commencing upon the Completion of the Project and continuing throughout the term of this Agreement, Developer will pay to the Agency an annual monitoring fee in the amount set forth in the definition of "Annual Operating Expenses" in the Agency Note. Upon review of records submitted to it, the Agency may at its option perform an independent audit of the tenant eligibility records in order to verify compliance with the income and affordability requirements set forth herein. Costs for such an audit performed by the Agency shall be an expense of the Agency. Owner shall retain the records described in this Section for a period of five (5) years after the date the respective records were created.

3.6 Rental Priority. Subject to Owner's policies and procedures for screening potential tenants, which must be approved by the Agency, the Restricted Units shall be rented according to the following priorities, as such units become available for occupancy:

a. Owner shall give first priority in renting the Restricted Units to Eligible Tenants who have been displaced by activities of the City or the Agency, pursuant to California Health & Safety Code Section 33411.3.

b. Owner shall, to the extent permitted by applicable law, give second priority in renting the Restricted Units to Eligible Tenants who are employees of the City of Culver City and the Culver City School District.

c. Owner shall give third priority in renting the Restricted Units to Eligible Tenants who are listed on the Agency's Rental Assistance Program (RAP) Waiting List.

Except as otherwise set forth above, Restricted Units shall be rented to Eligible Tenants on a first-come, first-served basis; provided, however, that Owner shall maintain an "interest list" or "eligibility list" of potential tenants. The rental priority provision set forth in this Section 3.6 shall apply only to the extent such provisions are not in conflict with any applicable federal or state law or any regulatory agreement affecting the Project that is recorded in superior priority to this Agreement.

3.7 Maintenance of Records. Owner shall maintain complete and accurate records pertaining to the Restricted Units, and shall permit any duly authorized representative of the Agency to inspect the books and records of Owner pertaining to the Project including, but not limited to, those records pertaining to tenant eligibility and occupancy of the Restricted Units. Records pertaining to the Project and the Restricted Units shall be retained for a period of five (5) years after the termination of this Agreement.

To assist the Agency in meeting its reporting requirements under California's Community Redevelopment Law, Owner shall prepare, maintain and submit to the Agency the following records and reports:

a. Records which demonstrate that the Property meets the affordability and income targeting requirements of California Health and Safety Code Sections 50079.5, 50093 and 50053 for the duration of this Agreement. Records shall be kept for each family occupying a Restricted Unit;

b. Records which demonstrate that each lease complies with the tenant and participant protections, as specified in Section 2.8 of this Agreement. Records shall be kept for each family occupying a Restricted Unit;

c. Equal opportunity and fair housing records;

d. Documentation of the Owner's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services; and

e. Documentation of the actions the Owner has taken to affirmatively further fair housing.

Owner shall retain all books and records relevant to the Housing Agreement for a minimum of five years after the project completion date, except that records of individual tenant income verifications, project rents and project inspections shall be retained for the most recent five year period until five years after the affordability period terminates, or until the conclusion or resolution of any and all audits or litigation relevant to the Housing Agreement, whichever is later. The Agency and its representatives shall have the right of access to any pertinent books, documents, papers or other records of the Owner, in order to make audits, examinations, excerpts and transcripts.

3.8 Reliance on Tenant Representations: Each tenant lease shall contain a provision to the effect that Owner has relied on the income certification and supporting information supplied by the tenant in determining qualification for occupancy of a Restricted Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease.

4. MAINTENANCE

4.1 Maintenance Covenant.

(a) Owner agrees to maintain all interior and exterior improvements, including landscaping, on the Property in good condition and repair (and, as to landscaping, in a healthy condition), reasonable wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies and bodies having or claiming jurisdiction. In addition, Owner shall keep the Property free from all graffiti and any accumulation of debris or waste material. Owner shall make all repairs and replacements necessary to keep the improvements in good condition and repair and shall promptly eliminate all graffiti and replace dead and diseased plants and landscaping with comparable materials. The maintenance covenant contained in this Section shall remain in effect for the term of this Agreement.

(b) The Project shall comply with the lead-based paint standards in 24 C.F.R. §92.355.

4.2 Agency Rights. The Agency shall have the right to enter upon the Property to inspect the Property and both the interiors and exteriors of the Units, upon seventy-two (72) hours notice to Owner. The Agency may, but is not obligated to, perform or cause to be performed the maintenance necessary to cure any default of these maintenance covenants and Owner shall be liable for payment of reasonable costs to perform such required maintenance; provided, however, that Owner first be given written notice of the actions required to cure any default, and Owner, after receipt of such notice, shall have thirty (30) days to cure such defaults, but Owner shall not be deemed in default of the foregoing maintenance covenant if such default cannot reasonably be cured within the thirty (30) day period referenced above so long as Owner has commenced to cure such default within the same thirty (30) day period and is diligently proceeding with the work to cure such default. Notwithstanding the foregoing, if any property conditions are reasonably identified by the Agency after a property inspection attended by a representative of Owner that pose an immediate danger to life or limb, Owner shall have three (3) days to effect corrections of such condition(s) to the Agency's reasonable satisfaction.

4.3 Annual & Bi-Annual Reports. Owner covenants and agrees to submit to the Agency an annual report (the "Annual Report"), which shall include the information required by Section 3.5 of this Agreement and by *California Health & Safety Code* Section 33418. The Annual Report shall include for each Restricted Unit the rental rate and the income and family size of the occupants, and shall also include the records described in Section 3.5 herein and the financial statements required by Section 402 of the Housing Agreement. The income information shall be supplied by the tenant in a certified statement on a form provided by the Agency. The Owner shall submit the Annual Report on or before April 30 of the year following the year covered by the Annual Report. The Owner shall provide for the submission of household information and certification in its leases with tenants.

Beginning on the date of first occupancy, and for each fiscal year thereafter during the term of this Agreement, Owner shall also submit on a bi-annual basis a report for the management of the Property (the "Bi-Annual Report"). The Bi-Annual Report shall include a profit and loss statement, budget to date figures, and occupancy report and shall clearly show project revenues, operating expenses, deposits to and withdrawals from the Project's Capital Reserve Account, and cash flow available for residual receipts payments. The Bi-Annual Report shall be in a form that is reasonably acceptable to the Agency Executive Director. The Agency Executive Director, in his/her sole discretion may waive the requirement of the Bi-Annual Report for one or more reporting periods. However, such waiver shall not operate to waive any subsequent requirement of the Bi-Annual Report for the Restricted Period. After receipt of such Bi-Annual Report for the Project, the Agency may request additional financial analyses or obtain a third party review at the Agency's own expense, of financial statements for the Project to verify the accuracy of the payments by Owner on the Agency Note or the required deposits into the Capital Reserve Account. If the Agency's review of Owner's Bi-Annual Report reveals material errors in the calculation of the payments by Owner on the Agency Note or reveals that the required deposits into the Capital Reserve Account have not been made or reveals that Owner has rented a Restricted Unit to a person who is not an Eligible Tenant or has charged rent for a Restricted

Unit in excess of the Affordable Rent, then Owner shall be required to submit such reports on a quarterly basis for a reasonable time thereafter, as determined by the Agency Executive Director.

4.4 Management Plan. Within the time set forth in the Schedule of Performance attached to the Housing Agreement, Owner shall prepare and submit to the Agency for approval a management plan in accordance with the following ("Management Plan"):

(a) The Management Plan, including such amendments as may be approved in writing by the Agency, shall remain in effect for the term of this Agreement. Owner shall not amend the Management Plan or any of its components without the prior written consent of the Agency. The components of the Management Plan shall include:

(1) Management Agent. The name and qualifications of the proposed management agent, which may include but shall not be limited to __________________. The Agency shall approve or disapprove the proposed management agent, if other than _________________, in writing based on the experience and qualifications of the management agent. The management agent shall have demonstrated experience in operating affordable housing.

(2) Management Program. A description of the proposed management, maintenance, tenant selection and occupancy policies and procedures for the Restricted Units, which shall include procedures to assure that advertising of the Restricted Units will reach a broad cross-section of Culver City residents.

(3) Management Agreement. A copy of the proposed management agreement specifying the amount of the management fee and the relationship and division of responsibilities between Owner and management agent.

(4) Tenant Lease or Rental Agreement. A copy of the proposed tenant lease or rental agreement to be used in renting the Restricted Units.

(5) Annual Operating Budget. Within the time set forth in the Schedule of Performance attached to the Housing Agreement and annually thereafter not later than fifteen (15) days prior to the beginning of the next fiscal or calendar year of the Project, Owner shall submit a projected operating budget to the Agency for review and approval. After Owner's initial projected operating budget submittal, Owner shall annually reconcile each previous year's projected budget with actual operating results for the Project ("Budget Reconciliation"). In each Budget Reconciliation, Owner shall set forth an explanation for any major discrepancies between projected and actual budgets. For purposes of this Agreement, a "major discrepancy" shall mean a line item difference between projected and actual budgets of 20% or more.

The Agency shall not unreasonably withhold, condition or delay its approval of any matter for which its approval is required hereunder, but such matter shall be deemed disapproved unless the Agency provides to Owner its written approval within thirty (30) days after receipt of a request for approval. Any express disapproval shall be in writing and contain the Agency's reasons for disapproval.

(b) Owner hereby covenants and agrees the Agency shall have the right, at any time and from time to time, to give notice to Owner if the Agency determines that the Project is not being managed or maintained in accordance with the Management Plan. The Agency may require the Owner to change management practices or to terminate the management agent and retain a different management agent, approved by the Agency. The Agency agrees that prior to requiring the Owner to change its management agent or the management practices the Agency shall informally consult with Owner, in an attempt to resolve the dispute. If the Agency determines that such an attempt at informal resolution has been unsuccessful, it shall give the Owner thirty (30) days written notice to change the management agent or practice, as the case may be. If Owner fails to do as requested by the Agency in the written notice, the Agency may then require the immediate change of the management practice or agent, as the case may be. The management agreement shall provide that it is subject to termination by the Owner without penalty, upon thirty (30) days prior written notice. Within ten (10) business days following a direction of the Agency to replace the management agent, the Owner shall select another management agent or make other arrangements satisfactory to the Agency for continuing management of the Project. The Owner shall notify the Agency upon learning that there is a voluntary change in the management or control of the management agent, and, if the change is unsatisfactory to the Agency, the Agency shall be entitled to require the Owner to change the management agent in accordance with the terms of this paragraph.

5. DEFAULT; ENFORCEMENT If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Agreement, and if such default remains uncured for a period of 30 days after notice thereof shall have been given by the Agency to the Owner, or for a period of 30 days from the date the Owner should, with reasonable diligence, have discovered such default, then the Agency shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 30 days, such default shall not constitute an Event of Default hereunder so long as the Owner institutes corrective action within said 30 days and diligently pursues such action until the default is corrected.

Following the declaration of an Event of Default hereunder, the Agency may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

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

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder, including acceleration of the Agency Note and exercise of the Agency's power of sale under the Agency Deed of Trust.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Agency may fully obtain the benefits of this Agreement made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder. Provided however, the rights and remedies of the Agency are cumulative, and the exercise by the Agency of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by Owner.

6. NONDISCRIMINATION. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, or in the awarding of contracts for the Project, nor shall participant, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property, or any part thereof, or in the awarding of contracts for the Project (except as permitted by this Agreement). Owner shall comply with all applicable federal, state and local nondiscrimination, fair housing, and equal opportunity requirements.

6.1 Form of Nondiscrimination and Nonsegregation Clauses. The Owner shall refrain from restricting the rental, sale or lease of the property on the basis of race, color, creed, age, class, income, religion, sex, sexual orientation, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(c). In contracts: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

7. COVENANTS TO RUN WITH THE LAND. Owner hereby subjects the Property to the covenants, reservations, and restrictions set forth in this Agreement. Agency and Owner hereby declare their express intent that all such covenants, reservations, and restrictions shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Property; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire, except the nondiscrimination covenants contained in Section 6 and Section 6.1 shall remain in perpetuity. All covenants without regard to technical classification or designation shall be binding for the benefit of the City of Culver City and the Agency, and such covenants shall run in favor of the City and Agency for the entire term of this Agreement, without regard to whether the City or Agency is or remains an owner of any land or interest therein to which such covenants relate.

8. ATTORNEYS' FEES. In the event that any action, suit or other proceeding is brought to enforce the obligations of under this Agreement, each party shall bear its own costs and expenses of suit, including attorneys' fees, expert witness fees and all costs incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom.

9. AMENDMENTS. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the Official Records of the County of Los Angeles, State of California.

10. NOTICE. Any notice required to be given hereunder shall be made in writing and shall be given by (i) personal delivery, (ii) courier service that provides a receipt showing date and time of delivery, or (iii) certified or registered mail, postage prepaid, return receipt

requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Agency:	Culver City Redevelopment Agency 9770 Culver Boulevard Culver City, CA 90230-0507 Attn: Agency Executive Director
With a copy to:	City Attorney's Office City of Culver City 9770 Culver Boulevard Culver City, CA 90230-0507
Owner:	4043 Irving Place Investors, LLC 6060 Center Drive, Suite 800 Los Angeles, CA 90045 Attention: George H. Mitsanas
With a copy to:	Cox Castle Nicholson LLP 555 California Street, 10th Floor San Francisco, CA 94104 Telecopier: (415 392-4250 Attention: Stephen C. Ryan

Notices personally delivered or delivered by courier shall be effective upon receipt. Mailed notices shall be effective on the earlier of receipt or Noon on the second business day following deposit in the United States mail.

11. SEVERABILITY/WAIVER/INTEGRATION.

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

11.2 Waiver. A waiver by either party of the performance of any covenant or condition herein shall not invalidate this Agreement nor shall it be considered a waiver of any other covenants or conditions, nor shall the delay or forbearance by either party in exercising any remedy or right be considered a waiver of, or an estoppel against, the later exercise of such remedy or right.

11.3 Integration. This Agreement contains the entire Agreement between the parties and neither party relies on any warranty or representation not contained in this Agreement.

12. GOVERNING LAW. This Agreement shall be governed by the internal laws of the State of California without regard to the principles of conflicts of laws.

13. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall constitute one original and all of which shall be one and the same instrument. This Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

14. TRANSFER OF THE PROJECT. For the term of this Agreement, the Owner shall not Transfer the Project, in whole or in part, without the prior written consent of the Agency, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the receipt by the Agency of evidence acceptable to the Agency that (1) the Owner shall not be in default hereunder or the transferee undertakes to cure any defaults of the Owner to the reasonable satisfaction of the Agency; (2) the continued operation of the Project shall comply with the provisions of this Agreement; (3) the transferee or its property manager has at least seven years' experience in the ownership, operation and management of similar size rental housing projects, and at least five years' experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of income and affordability restrictions, discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Agency with respect to the assumption of the Owner's obligations under this Agreement, including without limitation an instrument of assumption hereof and thereof, and delivery to the Agency of an opinion of such transferee's counsel to the effect that each such document and this Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; and (C) receipt by the Agency of all payments, fees and/or expenses then currently due and payable to the Agency by the Owner.

15. LIMITATION ON LIABILITY. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Agreement and except as otherwise provided herein below, (i) the liability of the Owner under this Agreement to any person or entity, including, but not limited to, the Agency and its successors and assigns, is limited to the Owner's interest in the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of monetary obligations arising out of this Agreement or any other agreement securing the obligations of the Owner under this Agreement; and (ii) from and after the date of this Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Agreement, any other agreement pertaining to the Project or any other agreement securing the Owner's obligations under this Agreement), shall be rendered against the Owner, the assets of the Owner (other than the Owner's interest in the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of

this Agreement or any agreement securing the obligations of the Owner under this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Notwithstanding the foregoing, the Agency may obtain a judgment or order (including, without limitation, an injunction) requiring Owner or any other party to perform (or refrain from) specified acts; may proceed against any person or entity whatsoever with respect to the enforcement of any guarantees, surety bonds, letters of credit, reimbursement agreements or similar rights to payment or performance; and may recover directly from Owner or any other party:

(a) any damages, costs and expenses incurred by the Agency as a result of fraud or any criminal act or acts of Owner or any member, officer, director or employee of Owner or of any of Owner's members;

(b) any damages, costs and expenses incurred by the Agency as a result of any misappropriation of funds provided for the development of the Property, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds;

(c) any and all amounts owing by Owner pursuant to Owner's indemnification regarding Hazardous Substances; and

(d) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the Agency and Owner have executed this Agreement Containing Covenants by duly authorized representatives on the date first written hereinabove.

"OWNER"

4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC,
a California limited liability company

Its: Manager

By: ___________________________
George H. Mitsanas

Its: Manager

By:___________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

"AGENCY"

CULVER CITY REDEVELOPMENT AGENCY,
a public body, corporate and politic

____
Executive Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:

____
General Counsel

____
KANE, BALLMER & BERKMAN
Agency Special Counsel

EXHIBIT NO. 1

LEGAL DESCRIPTION OF PROPERTY

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

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

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_______________________________________ (Seal)

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_______________________________________ (Seal)

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CULVER CITY REDEVELOPMENT AGENCY
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per *Gov. Code* §27383)

APN: 4207-007-907

ASSIGNMENT OF RENTS AND LEASES FROM 4043 IRVING PLACE INVESTORS, LCC TO THE CULVER CITY REDEVELOPMENT AGENCY

THIS ASSIGNMENT OF RENTS AND LEASES (the "Assignment") dated for identification purposes only July __, 2010 is made by 4043 IRVING PLACE INVESTORS, LLC, a California limited liability company ("Assignor"), in favor of THE CULVER CITY REDEVELOPMENT AGENCY, a public body corporate and politic (the "Assignee").

<u>RECITALS</u>

A. Assignor is the owner of the real property described in Exhibit "A" attached hereto and the owner of all of the personalty, fixtures, and improvements now or hereafter located thereon or attached thereto now existing or to be constructed thereon. Said real property, personalty, fixtures, and the improvements are herein referred to collectively as the "Property".

B. Assignee has agreed to make a loan (the "Loan") to Assignor in the original principal amount of Three Million Three Hundred Sixty-Six Thousand Dollars ($3,366,000), pursuant to the terms of that certain Affordable Housing Agreement by and between Assignor and Assignee dated as of July 26, 2010 (the "Housing Agreement"). The Loan is evidenced by a Residual Receipts Promissory Note Secured by Deed of Trust, of even date herewith, executed by Assignor in favor of Assignee (the "Note"). The Loan is secured by a Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents), of even date herewith, executed by Assignor, as Trustor, for the benefit of Assignee, as Beneficiary (the "Deed of Trust").

In order to induce Assignee to make the Loan to Assignor, Assignor has agreed to execute this Assignment.

NOW THEREFORE, with reference to the foregoing and in reliance thereon and for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor agrees as follows:

AGREEMENT

1. All initially capitalized terms used herein, unless otherwise defined or required by context, shall have the meaning ascribed to them in the Housing Agreement.

2. Subject to the prior rights, if any, of a lender whose lien is senior to the Deed of Trust held by Assignee ("Senior Lender"), Assignor hereby absolutely grants, sells, assigns, transfers, and sets over to Assignee, by this Assignment, all of Assignor's interests, whether now existing or hereafter acquired, in all leases and other occupancy agreements of any nature, now or hereafter covering all or any part of the Property, together with all extensions, renewals, modifications, or replacements of said leases and occupancy agreements, and together with any and all guarantees of the obligations of the lessees and occupants (the "Lessees") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. (Said leases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to collectively as the "Leases" and individually as a "Lease".)

3. Assignor's purpose in making this Assignment is to relinquish to Assignee its right to collect and enjoy the rents, royalties, issues, profits, income, and other benefits at any time accruing by virtue of the Leases (hereinafter called "Rents and Profits").

4. The parties intend that this Assignment shall be a present, absolute and unconditional assignment and shall, immediately upon execution, give the Assignee the right to collect the Rents and Profits and to apply them in payment of the principal and interest and all other sums payable on the indebtedness and other obligations under the Note and other Loan documents, as well as all other sums payable under the Deed of Trust or any other instrument given as security for the indebtedness. However, the Assignee hereby grants to Assignor a license to collect and use, subject to the provisions set forth below, the Rents and Profits as they respectively become due and to enforce the Leases, so long as there is no Default by Assignor in performance of the terms, covenants, or provisions of the Deed of Trust, the Note, the Housing Agreement, this Assignment or any other Loan document. Nothing contained herein, nor any collection of Rents and Profits by Assignee or by a receiver, shall be construed to make Assignee a "mortgagee in possession" of the Property so long as Assignee has not entered into actual possession of the Property.

5. Upon the occurrence of any Default or Event of Default under the terms and conditions of this Assignment, the Note, the Deed of Trust, the Housing Agreement or any other loan document, this Assignment shall constitute a direction and full authority to each Lessee under any Lease and each guarantor of any Lease to pay all Rents and Profits to Assignee without proof of the Default relied upon. Assignor hereby irrevocably

authorizes each Lessee and guarantor to rely upon and comply with any notice or demand by Assignee for the payment to Assignee of any Rents and Profits due or to become due.

6. Assignor represents and warrants as to each Lease now or hereafter covering all or any portion of the Property, unless Assignee has been otherwise advised in writing by Assignor:

a. That each Lease is in full force and effect;

b. That no material default exists on the part of the Lessee thereunder or Assignor;

c. That no rent in excess of one month's rent has been collected in advance;

d. That no Lease or any interest therein, except to the extent required by the Senior Lender, has been previously assigned or pledged; and

e. That all rent due to date under each Lease has been collected and no concession has been granted to any Lessee in the form of a waiver, release, reduction, discount, or other alteration of rent due or to become due except as previously disclosed to Assignor in writing.

7. Assignor agrees with respect to each Lease:

a. If any Lease provides for a security deposit paid by the Lessee to Assignor and subject to the prior rights, if any, of a Senior Lender, this Assignment transfers to Assignee all of Assignor's right, title, and interest in and to each such security deposit; provided, however, that Assignor shall have the right to retain said security deposit so long as Assignor is not in Default under this Assignment, the Deed of Trust, the Note, the Housing Agreement or any other Loan document; and provided further that Assignee shall have no obligation to the Lessee with respect to such security deposit unless and until Assignee comes into actual possession and control of said security deposit.

b. If any Lease provides for the abatement of rent during repair of the leased premises by reason of fire or other casualty, Assignor shall furnish rental insurance to Assignee, the policies to be with companies and in form, content, policy limits, and terms as are customary in the case of entities owning similar property or assets similarly situated.

c. Each Lease shall remain in full force and effect despite any merger of the interest of Assignor and any Lessee thereunder. Except as otherwise provided in the Housing Agreement, Assignor shall not terminate any Lease (except pursuant to the terms of the Lease upon a default by any Lessee thereunder), or materially modify or amend any Lease or any of the terms thereof, or grant any concessions in connection therewith or accept a surrender thereof, without the prior written consent of Assignee, which consent shall not be unreasonably withheld.

d. Assignor shall not collect any Rents and Profits more than thirty (30) days in advance of the date on which they become due under the terms of any Lease.

e. Assignor shall not discount any future accruing Rents and Profits.

f. Assignor shall not consent to any assignment of any Lease, or any subletting thereunder, whether or not in accordance with its terms, on any terms less favorable than those that would reflect an arm's length transaction in light of prevailing market conditions (subject to the rent restrictions applicable to the Property), without the prior written consent of Assignee.

g. Assignor shall not execute any further assignment of any of the Rents and Profits or any interest therein or suffer or permit any such assignment to occur by operation of law.

h. Assignor shall faithfully perform and discharge all obligations of the lessor under each Lease, and shall give prompt written notice to Assignee of any notice of Assignor's default received from any Lessee or any other person and furnish Assignee with a complete copy of said notice. Assignor shall appear in and defend, at no cost to Assignee, any action or proceeding arising under or in any manner connected with any Lease. If requested by Assignee, Assignor shall enforce each Lease and all remedies available to Assignor against the Lessee in the case of default under the Lease by the Lessee.

i. Except for residential leases entered into in the ordinary course of business, Assignor shall give Assignee written notice immediately upon entering into a Lease of any part of the Property and shall promptly upon request of Assignee provide to Assignee a true and correct copy of each executed Lease. Upon written notice from Assignee to Assignor, such Lease shall be deemed included in this Assignment as though originally listed herein. At Assignee's option, such notice may be recorded, without cost to Assignor, in the Official Records of Los Angeles County, California, which notice shall refer to this Assignment.

j. Except as otherwise provided in the Housing Agreement, Assignor shall not hire, retain, or contract with any third party for property management services with respect to the Property without the prior written approval of Assignee, at Assignee's option, of such party and the terms of its contract for management services.

k. Nothing herein shall be construed to impose any liability or obligation on Assignee under or with respect to any Lease. Assignor shall indemnify, defend, and hold Assignee, its officers, directors, agents, employees, and representatives (the "Indemnitee(s)") harmless from and against any and all liabilities, losses, and damages that any Indemnitee may incur under any Lease or by reason of this

Assignment, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnitee by reason of any alleged obligations to be performed or discharged by Assignee under any Lease or this Assignment. Should any Indemnitee incur any liability, loss, or damage under any Lease or by reason of this Assignment and such liability, loss, or damage falls within the foregoing indemnification, Assignor shall immediately upon demand reimburse such Indemnitee for the amount thereof together with all costs and expenses and reasonable attorneys' fees and court costs incurred by such Indemnitee. All of the foregoing sums shall bear interest at the maximum rate permitted by law from demand by Indemnitee until paid. Any Rents and Profits collected by Assignee may be applied by Assignee, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense, or fees.

8. Assignor hereby grants to Assignee the following rights:

a. Upon a default under the Housing Agreement or any of the other Loan documents, which is not cured within the time provided therefor, Assignee shall be deemed to be the creditor of each Lessee in respect of any assignments for the benefit of creditors and any bankruptcy, arrangement, reorganization, insolvency, dissolution, receivership, or other debtor relief proceedings affecting such Lessee, without obligation on the part of Assignee, however, to file timely claims in such proceedings or otherwise pursue creditor's rights therein.

b. Assignee shall have the right to assign Assignor's right, title, and interest in the Leases to any subsequent holder of the Note or any participating interest therein or to any person acquiring title to all or any part of the Property through foreclosure or otherwise. Any subsequent assignee shall have all the rights and powers herein provided to Assignee.

c. Assignee shall have the right (but not the obligation), upon any default under the Housing Agreement or any of the other Loan documents, which is not cured within the time provided therefor, to take any action as Assignee may deem necessary or appropriate to protect its security, including but not limited to appearing in any action or proceeding and performing any obligations of the lessor under any Lease; and Assignor agrees to pay, on demand, all costs and expenses, including without limitation reasonable attorneys' fees and court costs incurred by Assignee in connection therewith, together with interest thereon at the rate of ten percent (10%) per annum.

d. Upon any default under this Assignment, the Housing Agreement or any of the other Loan documents, which is not cured within the time provided therefor, and without notice to or consent of Assignor, Assignee shall have the following rights (none of which shall be construed to be obligations of Assignee):

i. Assignee shall have the right under this Assignment to use and possess, without rental or charge, the Fixtures, Equipment, and Personal Property of the Assignor located in or on the Property and used in the operation or occupancy thereof. Assignee shall have the right to apply any of the Rents and Profits to pay installments due for Personal Property rented or purchased on credit, insurance premiums on Personal Property, or other charges relating to Personal Property in or on the Property. However, this Assignment shall not make Assignee responsible for the control, care, management, or repair of the Property or any Personal Property or for the carrying out of any of the terms or provisions of any Lease.

ii. Assignee shall have the right to apply the Rents and Profits and any sums recovered by Assignee hereunder to the outstanding Indebtedness, as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Property.

iii. Assignee shall have the right to take possession of the Property, manage and operate the Property and Assignor's business thereon, and to take possession of and use all books of account and financial records of Assignor and its property managers or representatives relating to the Property.

iv. Assignee shall have the right to execute new Leases of any part of the Property, including Leases that extend beyond the term of the Deed of Trust.

v. Assignee shall have the right to cancel or alter any existing Leases.

vi. Assignee shall have the irrevocable authority, as Assignor's attorney-in-fact, such authority being coupled with an interest, to sign the name of Assignor and to bind Assignor on all papers and documents relating to the operation, leasing and maintenance of the Property.

e. All of the foregoing rights and remedies of Assignee are cumulative, and Assignee shall also have upon the occurrence of any such Default or Event of Default all other rights and remedies provided under the Note, the Housing Agreement, the Deed of Trust, or any other Loan document or other agreement between Assignor and Assignee, or otherwise available at law or in equity or by statute.

9. Failure of Assignee to avail itself of any terms, covenants, or conditions of this Assignment for any period of time or for any reason shall not constitute a waiver thereof.

10. Notwithstanding any future modification of the terms of the Note, the Deed of Trust, the Housing Agreement, or any other Loan document, this Assignment and the rights and benefits hereby assigned and granted shall continue in favor of Assignee in accordance with the terms of this Assignment.

11. This Assignment shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors, and assigns of the parties hereto (including without limitation in the case of Assignee, any third parties now or hereafter acquiring any interest in the Indebtedness or other obligations of Assignor under the Note

or Deed of Trust or a part thereof, whether by virtue of assignment, participation, or otherwise). The words Assignor, Assignee, and Lessee, wherever used herein, shall include the persons and entities named herein or in any Lease and designated as such and their respective heirs, legal representatives, successors and assigns, provided that any action taken by the named Assignee (or any successor designated as such by an instrument recorded in the Official Records of Los Angeles County, California referring to this Assignment) shall be sufficient for all purposes notwithstanding that Assignee may have theretofore assigned or participated any interest in the obligation to a third party. All words and phrases shall be taken to include the singular or plural number, and the masculine, feminine, or neuter gender, as may fit the case.

12. Any change, amendment, modification, abridgment, cancellation, or discharge of this Assignment or any term or provision hereof shall be invalid without the written consent of Assignee.

13. Upon payment to Assignee of the full amount of the Indebtedness and the full performance of other obligations secured hereby and by the Note and Deed of Trust, as evidenced by a recorded satisfaction or release of the Deed of Trust, this Assignment shall be void and of no further effect. In such event, Assignee shall cooperate with Assignor to execute such instruments as may be reasonably necessary to remove the lien of this instrument from the Official Records of Los Angeles County.

14. All notices, demands, approvals, and other communications provided for in this Assignment shall be sufficiently given if: (i) personally delivered; (ii) delivered by same day or overnight courier (acknowledged by receipt showing date and time of delivery); or (iii) dispatched by registered or certified mail, postage prepaid, return receipt requested, to the addresses set forth below:

If to Assignor:	4043 Irving Place Investors, LLC 6060 Center Drive, Suite 800 Los Angeles, CA 90045 Attention: George H. Mitsanas
If to Assignee:	Culver City Redevelopment Agency 9770 Culver Boulevard Culver City, CA 90230-0507 Attn: Agency Executive Director
With a copy to:	City Attorney's Office City of Culver City 9770 Culver Boulevard Culver City, CA 90230-0507

Notices personally delivered or delivered by courier shall be effective upon receipt or refusal to accept delivery. Mailed notices shall be effective on the earlier of (i) receipt of refusal to accept delivery, or (ii) noon on the second business day following deposit in the United States mail.

15. This Assignment may be recorded in the Official Records of Los Angeles County, California, and Assignor shall pay all fees, charges, costs, and expenses of such recording.

16. If any provision hereof is determined to be illegal or unenforceable for any reason, the remaining provisions hereof shall not be affected thereby.

17. This Assignment shall be governed by and construed in accordance with the internal laws of the State of California, without regard to the principles governing conflicts of law.

18. If Assignee should bring any action to enforce its rights hereunder at law or at equity, Assignor shall reimburse Assignee for all reasonable attorneys' fees and costs expended in connection therewith.

19. This Assignment shall be subject to the terms and conditions set forth in that certain Subordination Agreement, dated on or about the date hereof, by and among Assignor, [***bank***] and Assignee, as the same may be amended, restated, supplemented or modified from time to time.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned Assignor has executed this Assignment as of the date first above written.

4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC,
a California limited liability company

Its: Manager

By: ________________________________
George H. Mitsanas

Its: Manager

By: ________________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_______________________________________ (Seal)

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_______________________________________ (Seal)

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

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

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

ASSIGNMENT OF AGREEMENTS FROM 4043 IRVING PLACE INVESTORS, LLC TO THE CULVER CITY REDEVELOPMENT AGENCY

1. FOR VALUE RECEIVED, the undersigned, 4034 IRVING PLACE INVESTORS, LLC, a California limited liability company ("Developer"), by this assignment dated July 26, 2010 for identification purposes only, assigns to THE CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic, (the "Assignee"), all of its right, title and interest in and to:

a. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, "Architectural Agreements"); and

b. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively "Plans and Specifications")

heretofore or hereafter entered into or prepared by any architect, engineer or other person or entity (collectively "Architect"), for or on behalf of Developer in connection with the construction of the Improvements on the Property described in Exhibit A attached. This assignment is subject to the prior rights, if any, of a lender whose lien is senior to the Deed of Trust held by Assignee. The Plans and Specifications, as of the date hereof, are those which Developer has heretofore, or will hereafter deliver to Assignee. The Architectural Agreements include, but are not limited to, the architectural contracts for this project between Developer and [***insert name of architect***].

2. This ASSIGNMENT OF AGREEMENTS ("Assignment") constitutes a present and absolute assignment to Assignee as of the Effective Date, subordinate to a lender whose lien is senior to the Deed of Trust held by Assignee ("Senior Lender"); provided, however, Assignee confers upon Developer the right to enforce the terms of the Architectural Agreements and Developer's rights to the Plans and Specifications so long as no Default or event which would constitute a Default after notice or the passage of time, or both, has occurred under the Affordable Housing Agreement dated as of July 26, 2010 between Assignee and Developer (the "Housing Agreement"). Upon the occurrence of a Default or event which would constitute a Default after notice or the passage of time, or both, under the Housing Agreement, Assignee may, in its sole discretion, give notice to Architect of its intent to enforce the rights of Developer under the Architect Agreements and of its rights to the Plans and Specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Developer acknowledges that by accepting this Assignment, Assignee does not assume any of Developer's obligations under the Architectural Agreements or with respect to the Plans and Specifications.

3. Developer represents and warrants to Assignee, as of the Effective Date, that: (a) all Architectural Agreements entered into by Developer are in full force and effect and

are enforceable in accordance with their terms and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural Agreements; (b) all copies of the Architectural Agreements and Plans and Specifications delivered to Assignee are complete and correct; and (c) Developer has not assigned any of its rights under the Architectural Agreements or with respect to the Plans and Specifications except as expressly permitted by the Housing Agreement.

4. Developer agrees: (a) to pay and perform all obligations of Developer under the Architectural Agreements; (b) to enforce the payment and performance of all obligations of any other person or entity under the Architectural Agreements; (c) not to modify the existing Architectural Agreements nor to enter into any future Architectural Agreements without Assignee's prior written approval except as otherwise expressly permitted in the Housing Agreement; and (d) not to further assign (other than assignment in connection with a loan which is senior in priority to Assignee's assignment), for security or any other purposes, its rights under the Architectural Agreements or with respect to the Plans and Specifications without Assignee's prior written consent.

5. This Assignment secures performance by Developer of all obligations of Developer under the Housing Agreement. This Assignment is supplemented by the provisions of the Housing Agreement and said provisions are incorporated herein by reference.

6. The term "Housing Agreement" as used herein shall mean the Affordable Housing Agreement dated as of July 26, 2010 between Developer and Assignee, as well as any future amendments and implementation agreements between Developer and Assignee which refer to this Assignment. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Housing Agreement.

7. This Assignment shall be governed by the internal laws of the State of California without reference to the principles regarding conflict of laws, except to the extent that Federal laws preempt the laws of the State of California, and Developer consents to the jurisdiction of any Federal or State Court within the State of California having proper venue for the filing and maintenance of any action arising hereunder. If Assignee should bring any action to enforce its rights hereunder at law or at equity, Developer shall reimburse Assignee for all reasonable attorneys' fees and costs expended in connection therewith.

8. This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Developer and Assignee; provided, however, this shall not be construed and is not intended to waive any restrictions on assignment, sale, transfer, mortgage, pledge, hypothecation or encumbrance by Developer contained in the Housing Agreement.

9. The attached Architect's/Engineer's Consent, Schedule 1 and Exhibit A are incorporated by reference.

10. The Effective Date of this Assignment shall be the date it is executed by Developer.

11. This Assignment shall be subject to the terms and conditions set forth in that certain Subordination Agreement, dated on or about the date hereof, by and among Developer, [***insert bank***] and Assignee, as the same may be amended, restated, supplemented or modified from time to time.

IN WITNESS WHEREOF, the undersigned has executed this Assignment as of the date set forth below.

Dated: ________________

"TRUSTOR"
4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC,
a California limited liability company

Its: Manager

By: ________________________________
George H. Mitsanas

Its: Manager

By: ________________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

ARCHITECT'S CONSENT

The undersigned architect ("Architect") hereby consents to the foregoing Assignment to which this Architect's Consent ("Consent") is part, and acknowledges that there presently exists no unpaid claims due to the Architect except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Developer and/or the performance of the Architect's obligations under the Architectural Agreements.

Architect agrees that if, at any time, Assignee, pursuant to its rights under the Housing Agreement or the loan documents, elects to undertake or cause the completion of the construction of the Improvements on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect written notice of such election; THEN, so long as Architect has received, receives or continues to receive the compensation called for under the Architectural Agreements, Assignee may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect will continue to perform its obligations under the Architectural Agreements for the benefit and account of Assignee in the same manner as if performed for the benefit or account of Developer in the absence of the Assignment.

Architect further agrees that, in the event of a breach by Developer of the Architectural Agreements, or any agreement entered into with Architect in connection with the Plans and Specifications, so long as Developer's interest in the Agreements and Plans and Specifications is assigned to Assignee, Architect will give written notice to Assignee of such breach at the address shown below. Assignee shall have thirty (30) days from the receipt of such written notice of default to remedy or cure said default. Nothing herein shall require Assignee to cure said default or to undertake completion of the construction of the Improvements.

Architect warrants and represents that it/he/she has no knowledge of any prior assignment(s) of any interest in the Plans and Specifications and/or the Architectural Agreements. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

Dated as of the date set forth below.

[***insert name of architect***]

Date: _______________, 2011 By: _______________________
Its:

[***insert address***]

Assignee's Address:

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Agency Executive Director

With a copy to:

City Attorney's Office
City of Culver City
9770 Culver Boulevard
Culver City, CA 90230-0507

SCHEDULE OF UNPAID CLAIMS

Schedule 1 to Assignment of Agreements dated for identification purposes only, July 26, 2010 between 4043 IRVING PLACE INVESTORS, LLC, as Developer and THE CULVER CITY REDEVELOPMENT AGENCY, as Assignee.

PROPERTY DESCRIPTION

Exhibit A to Assignment of Agreements dated for identification purposes only July 26, 2010, between 4043 IRVING PLACE INVESTORS, LLC, as Developer and THE CULVER CITY REDEVELOPMENT AGENCY, as Assignee.

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

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

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

ENVIRONMENTAL INDEMNITY BY 4043 IRVING PLACE INVESTORS, LCC FOR THE BENEFIT OF THE CULVER CITY REDEVELOPMENT AGENCY

THIS ENVIRONMENTAL INDEMNITY (this "Indemnity"), dated for identification purposes only July __, 2010, and made by 4034 IRVING PLACE INVESTORS, LLC, a California limited liability company (referred to as "Borrower"), whose address for purposes of giving notices is 6060 Center Drive, Suite 800, Los Angeles, CA 90045 , in favor of THE CULVER CITY REDEVELOPMENT AGENCY, a public body corporate and politic (the "Agency"), whose address for purposes of giving notice is 9770 Culver Boulevard, Culver City, CA 90230-0507.

WITNESSETH

WHEREAS, Borrower is the owner of the real property in the City of Culver City, California described on Exhibit "A" attached hereto and made a part hereof, and the improvements thereon (collectively referred to as the "**Property**");

WHEREAS, Borrower and the Agency, entered into that certain Affordable Housing Agreement, dated as of July 26, 2010 (the "**Housing Agreement**"), pursuant to which the Agency agreed to make a loan to Borrower for the purpose of constructing a 28-unit multifamily rental housing project thereon (the "**Loan**") (the Housing Agreement and the documents and instruments referred to therein which are being executed by Borrower concurrently herewith are referred to collectively as the "**Loan Documents**");

WHEREAS, Borrower has agreed to execute and deliver to the Agency this Indemnity to induce the Agency to make the Loan.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Borrower hereby agrees with the Agency as follows:

1. DEFINITIONS

For the purpose of this Indemnity, "**Hazardous Materials**" or "**Hazardous Substances**" shall include, but not be limited to, oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, including the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Sections 9601 et seq. ("CERCLA"); the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Sections 6901, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as emended, 33 U.S.C. Section 1251 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651; the Emergency

Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f et seq.; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and orders and publications promulgated pursuant to said laws. Such term shall not include household consumer products or similar products readily available in the retail markets and utilized in the quantity and manner commonly utilized in the occupancy, ownership or development of multifamily rental real estate projects similar to the Project. Other capitalized terms used in this Indemnity shall have the meanings ascribed to them in the Housing Agreement with the same force and effect as if set forth in full below.

2. COVENANTS AND INDEMNITY

The following covenants, and indemnities are hereby given and made by Borrower:

2.1 Covenants.

(a) Borrower covenants that it will strictly comply with any and all laws, regulations, and/or orders which may be promulgated from time to time relating to Hazardous Materials ("**Hazardous Materials Laws**"), to immediately take, at Borrower's sole expense, all remedial action required by any Hazardous Materials Law or any judgment, consent decree, settlement or compromise in respect to any Hazardous Materials Claim (as defined herein below), and to keep the Property free of any lien imposed pursuant to any Hazardous Materials Law or in relation to any Hazardous Materials Claim.

(b) Borrower covenants that the Property will not, while Borrower is the owner of any portion thereof, be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release, transportation, presence, discharge or disposal of any Hazardous Materials, except for *de minimis* quantities used at the Property in strict compliance with all Hazardous Materials Laws and required in connection with the routine construction, operation and maintenance of the Property.

(c) The Agency shall have the right, at any time, to conduct an environmental audit of the Property at the Agency's expense, unless Hazardous Materials are found in quantities or conditions that violate the Hazardous Materials Laws, then at Borrower's sole cost and expense, and Borrower shall cooperate in the conduct of any such environmental audit. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Borrower and only in the presence of a representative of Borrower. Borrower shall give the Agency and its agents and employees access to the Property to remove, or otherwise to mitigate the effects of, Hazardous Materials and Borrower shall not unreasonably delay or condition such access.

(e) Borrower shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by any Hazardous Materials Laws, and, with respect to any such material currently present in the Property, Borrower shall promptly either (i) remove or cause to be removed any material that such Hazardous Materials Laws deem hazardous and require to be removed, or (ii) otherwise comply with such Hazardous Materials Laws, all at Borrower's sole cost and expense. If Borrower shall fail to so do within the cure period permitted under applicable law, regulation, or order, the Agency may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with all Hazardous Materials Laws, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Borrower under this Section 2.

(f) Borrower shall immediately advise the Agency in writing of any of the following: (i) any pending or threatened claim against Borrower or the Property by any governmental entity or agency or by any other person or entity relating to Hazardous Materials or pursuant to the Hazardous Materials Laws ("**Hazardous Materials Claims**"), (ii) any known condition or occurrence on the Property that (A) results in noncompliance by Borrower with any Hazardous Materials Laws, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any Hazardous Materials Law, or (C) could reasonably be anticipated to form the basis of a Hazardous Materials Claim against the Property or Borrower.

2.2 Indemnity. Borrower hereby agrees to defend, indemnify, protect, and hold harmless the Agency and its members, officers, officials, employees, agents, representatives, servants, contractors, successors and assigns from and against any and all damages, losses, liabilities, obligations, penalties, claims (including, without limitation, any third party tort claims), litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever, whether foreseeable or unforeseeable, (collectively, the "**Obligations**") which may at any time be imposed upon, incurred by or asserted or awarded against the Agency as a direct or indirect consequence of:

(a) The presence of any Hazardous Materials on, in, under, or affecting all or any portion of the Property or any surrounding areas;

(b) The breach of any covenant made by Borrower in Section 2.1 hereof; or

(c) The enforcement by the Agency of any of the provisions of this Section 2.2 or the assertion by Borrower of any defense to its obligations hereunder.

3. BORROWER'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Borrower hereby agrees that the Obligations will be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of the Loan Documents or affecting any of the rights of the Agency with respect thereto. The obligations of

Borrower hereunder shall be absolute and unconditional irrespective of, and Borrower waives any defense based upon,

(a) The validity, regularity, or enforceability of the Loan Documents or any other instrument or document executed or delivered in connection therewith;

(b) Any alteration, amendment, modification, release, termination, or cancellation of any of the Loan Documents, or any change in the time, manner, or place of payment of, or in any other term in respect of, all or any of the obligations of Borrower contained in any of the Loan Documents;

(c) Any extension of the maturity of the Loan or any waiver of, or consent to any departure from, any provision contained in any of the Loan Documents;

(d) Any exculpatory provision in any of the Loan Documents limiting the Agency's recourse to property encumbered by the Deed of Trust securing the Loan, or to any other security, or limiting the Agency's rights to a deficiency judgment against Borrower;

(e) Any exchange, addition, subordination, or release of, or nonperfection of any lien on or security interest in, any collateral for the Loan, or any release, amendment, waiver of, or consent to any departure from any provision of, any other surety or guarantee given in respect of the Loan;

(f) The insolvency or bankruptcy of Borrower or Borrower's members or of any indemnitor or guarantor under any other indemnity or guarantee given in respect of the Loan; or

(g) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower, Borrower's members, or any other indemnitor or guarantor with respect to the Loan or any or all of the Obligations.

3.2 Continuation. The term of this Indemnity will continue until such time as no legal action can be successfully brought against the Agency due to applicable statutes of limitation. This Indemnity (a) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the payment in full of the Loan or the release or other extinguishment of the Deed of Trust, or any other security for the Loan); and (b) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Agency upon the insolvency, bankruptcy, or reorganization of Borrower, Borrower's memberes or otherwise, all as though such payment had not been made.

3.3 Survival. Borrower's duty to indemnify shall survive any judicial or non-judicial foreclosure under the Agency Deed of Trust or transfer of the Property in lieu thereof, the release and reconveyance or cancellation of the Agency Deed of Trust, and the satisfaction of all of Borrower's obligations under the Loan Documents.

4. WAIVER

Borrower acknowledges that possible defenses to the enforceability of the Obligations may presently exist and/or may arise hereafter and as part of the Agency's consideration for entering into the Housing Agreement, they have specifically bargained for the waiver and relinquishment by Borrower of all such defenses. Borrower agrees that it has had the opportunity to seek and receive legal advice from skilled legal counsel of its choosing and represents and confirms that Borrower is fully informed regarding, and thoroughly understands, the nature of such possible defenses, the circumstances under which they may arise, the benefits that they might confer upon Borrower and the legal consequences to Borrower of waiving such defenses. Borrower makes this Indemnity with the intent that this Indemnity and all of the waivers herein shall each and all be fully enforceable by the Agency and that the Agency is induced to enter into the Housing Agreement in material reliance upon such presumed full enforceability. Without limitation to the foregoing, Borrower hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any Obligation by Borrower;

(c) Notice of any action taken by the Agency, Borrower, or any other interested party under any Loan Document or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Borrower of its Obligations hereunder;

(e) To the fullest extent allowed by law, the right to a trial by jury with respect to any dispute arising under, or relating to, this Indemnity;

(f) Any requirement that the Agency protect, secure, perfect, or insure any security interest or lien in or on any property subject thereto;

(g) Any requirement that the Agency exhaust any right or take any action against Borrower or any other person or collateral; and

(h) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of the Agency to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by the Agency including, without limitation, an election to proceed by nonjudicial foreclosure or which

destroys or otherwise impairs the subrogation rights of Borrower or any other right of Borrower to proceed against a guarantor by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

5. NOTICES

Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served, mailed by first-class registered mail, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, or given by electronic facsimile ("fax") transmission to the fax numbers stated below, with confirmations mailed by first class registered mail, return receipt requested to the address set forth above, of the party to whom such notice is to be given (or to such other address as the parties hereto, shall designate in writing):

In the case of the Agency: [***insert fax***]

In the case of Borrower: [***insert fax***]

Any notice that is transmitted by fax transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

6. MISCELLANEOUS

6.1 Borrower shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to the Agency, as applicable, at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by Borrower and the Agency, and no waiver of any provision of this Indemnity, and no consent to any departure by Borrower from any provision of this Indemnity, shall be effective unless it is in writing and signed by the Agency, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of the Agency to exercise, and no delay in exercising, any right hereunder or under any Loan Document shall operate as a waiver hereof or thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Agency provided herein and in the Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Agency hereunder or under any Loan Document against any party thereto are not conditional or contingent on any attempt by the Agency to exercise any of its rights hereunder or under any other Loan Document against such party or against any other person or collateral.

6.4 If any provision of this Indemnity shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, then that provision shall, as to such jurisdiction, be deemed ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (a) be binding upon Borrower, and Borrower's successors and assigns; and (b) inure, together with all rights and remedies of the Agency hereunder, to the benefit of the Agency, its directors, officers, employees, and agents, any successors to the Agency's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of the Agency's rights and remedies under the Loan Documents, any successors to any such person, and all directors, officers, employees, and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, the Agency may, subject to, and in accordance with, the provisions of the Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under any Loan Document, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to the Agency herein or otherwise. None of the rights or obligations of Borrower hereunder may be assigned or otherwise transferred without the prior written consent of the Agency.

6.6 Borrower hereby (a) irrevocably submits to the jurisdiction of any California or federal court sitting, in each instance, in Los Angeles County in any action or proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum *non conveniens* or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Borrower irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity or in any other manner provided by law. Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California applicable to contracts made and to be performed therein without regard to the principles regarding conflicts of law, except to the extent that the laws of the United States preempt the laws of the State of California.

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one agreement.

IN WITNESS WHEREOF, Borrower has duly executed this Indemnity as of the date set forth below.

4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC, a California limited liability company

Its: Manager

Date: ____________________ By: _________________________
George H. Mitsanas

Its: Manager

Date: ____________________ By:_________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

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

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

ATTACHMENT 1

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

Deborah Rhoads, Esq. (213) 617-0480

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Culver City Redevelopment Agency
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Executive Director

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME 4043 Irving Place Investors, LLC						
OR 1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME		SUFFIX	
1c. MAILING ADDRESS		CITY	STATE CA	POSTAL CODE	COUNTRY US	
1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Ltd Liablity Co	1f. JURISDICTION OF ORGANIZATION California	1g. ORGANIZATIONAL ID #, if any		☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME						
OR 2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME		SUFFIX	
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY	
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any		☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME Culver City Redevelopment Agency					
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX	
3c. MAILING ADDRESS 9770 Culver Boulevard	CITY Culver City	STATE CA	POSTAL CODE 90230-0507	COUNTRY US	

4. This FINANCING STATEMENT covers the following collateral:

Debtor's interest in all property located on or used or acquired in connection with the construction, operation and maintenance of the real estate described in the attached Exhibit "A", including, without limitation, the collateral described on Schedule "A" attached hereto and made part hereof.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

EXHIBIT "A"

LEGAL DESCRIPTION

All of the following real property in the City of Culver City, Los Angeles County, State of California (the "Property"):

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

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

SCHEDULE "A"

Item 4. Collateral Description

All buildings, structures and improvements of every nature whatsoever now or hereafter situated on the Property; and

Together with the rents, issues and profits thereof; and together with all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, laundry equipment, steam and hot-water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating fixtures, mantles, cabinets, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, and all shades, awnings, screens, blinds and other furnishings, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty; and

Together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein; and

Together with all plans, drawings, specifications, etc., and articles of personal property now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the Property which are necessary to the completion and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to said building or buildings in any manner.

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CULVER CITY REDEVELOPMENT AGENCY
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per *Gov. Code* §27383)

APN: 4207-007-907

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

NOTICE IS HEREBY GIVEN that pursuant to Health & Safety Code Section 33334.3(f) as amended effective January 1, 2008, the Culver City Redevelopment Agency is recording this Notice of Affordability Restrictions on Transfer of Property (hereinafter the "Notice") with regard to the property located at 4043 Irving Place, Culver City, California and more particularly described in Exhibit "A" attached hereto (the "Property").

The Property is subject to the Agreement Containing Covenants Affecting Real Property (Including Affordable Housing Restrictions) (the "Agreement Containing Covenants") recorded concurrently herewith, which restricts the use of the Property as follows:

(1) One (1) one-bedroom and two (2) two-bedroom units shall be rented exclusively to Low Income households at an Affordable Rent as provided in California Health and Safety Code Section 50053.

(2) Four (4) one-bedroom units and five (5) two-bedroom units shall be rented exclusively to Moderate Income households at an

Affordable Rent as provided in California Health and Safety Code Section 50053.

The maximum incomes of eligible tenants shall be determined on the basis of the income limits for Low Income and Moderate Income households in Los Angeles County, published approximately annually by the California Department of Housing and Community Development ("HCD"). If HCD discontinues publishing such income limits, the term "Low Income" shall mean a household income that does not exceed 80% of the area median income, adjusted for family size and the term "Moderate Income" shall mean a household income that does not exceed 120% of the area median income, adjusted for family size.

Any rents charged to a tenant shall not exceed rents that are affordable to Low Income and Moderate Income Households, as applicable. The maximum rents, including a reasonable utility allowance for utilities and services (excluding telephone) to be paid by Low Income and Moderate Income Households are as follows:

(i) In the case of any Low Income Household, the maximum rent shall be a rent that does not exceed 30 percent of sixty percent (60%) of the area median income adjusted for household size appropriate to the unit, as determined by the California Department of Housing and Community Development.

(ii) In the case of any Moderate Income Household, the maximum rent shall be a rent that does not exceed 30 percent of one hundred ten percent (110%) of the area median income adjusted for household size appropriate to the unit, as determined by the California Department of Housing and Community Development.

The affordability restrictions imposed on the Site by the Regulatory Agreement are scheduled to expire on the date that is fifty-five (55) years after the recordation of the Release of Construction Covenants for the construction of the Improvements on the Property.

This Notice is recorded for the purpose of providing notice only and in no way modifies the provisions of the Agreement Containing Covenants.

"AGENCY"

CULVER CITY REDEVELOPMENT AGENCY, a public body, corporate and politic

____
Executive Director

ATTEST:

____
Agency Secretary

APPROVED AS TO FORM:

____
General Counsel

____
KANE, BALLMER & BERKMAN
Agency Special Counsel

CONSENT TO RECORDATION

4043 Irving Place Investors, LLC ("Owner"), owner of the fee interest in the real property legally described in Exhibit "A" hereto, hereby consents to the recordation of the foregoing Notice of Affordability Restrictions on Transfer of Property against said real property.

4043 IRVING PLACE INVESTORS, LLC,
a California limited liability company

By: Renaissance Holding Company, LLC,
a California limited liability company

Its: Manager

By: ________________________________
George H. Mitsanas

Its: Manager

By: ________________________________
Silvestre Gregory Gonzales

Its: Authorized Representative

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature____ (Seal)

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature____ (Seal)

Exhibit "A"

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

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

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CULVER CITY REDEVELOPMENT AGENCY
9770 Culver Boulevard
Culver City, CA 90230-0507
Attn: Executive Director

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per *Gov. Code* §27383)

APN: 4207-007-907

RELEASE OF CONSTRUCTION COVENANTS BY THE CULVER CITY REDEVELOPMENT AGENCY TO 4043 IRVING PLACE INVESTORS, LCC

WHEREAS, 4043 IRVING PLACE INVESTORS, LLC, a California limited liability company (the "Developer") is the owner of that certain real property situated in the City of Culver City, California described in Exhibit "A" which is attached hereto and made a part hereof (the "Property"), and has agreed to construct the improvements thereon (the "Improvements"); and

WHEREAS, the Agreement Containing Covenants Affecting Real Property (Including Affordable Housing Restrictions) entered into by and between the Culver City Redevelopment Agency (the "Agency") and the Developer and recorded in the Official Records of Los Angeles County, California on _______________, 2010 as Instrument No. __________ (the "Agreement Containing Covenants") obligates the Developer and its successors or assigns to construct the Improvements in accordance with the Affordable Housing Agreement ("Housing Agreement") dated as of July __, 2010 by and between the Agency and the Developer.

WHEREAS, pursuant to the Housing Agreement, the Agency has agreed to furnish the Developer with a Release of Construction Covenants ("Release") upon the completion of the construction of the Improvements, and such certificate is to be in such form as to permit it to be recorded in the Official Records of Los Angeles County; and

WHEREAS, the Housing Agreement states that the Release shall be conclusive determination of satisfactory completion of the construction of the Improvements as required by the Housing Agreement; and

WHEREAS, the Agency has determined that the construction of the Improvements on the Property as required by the Housing Agreement has been satisfactorily completed by Developer.

NOW THEREFORE, it is hereby acknowledged and agreed by the parties hereto that:

1. The Agency hereby certifies that the construction of the Improvements on the Property has been fully and satisfactorily performed and completed as required by the Housing Agreement and the Agreement Containing Covenants.

2. Nothing contained in this instrument shall modify any provisions of the Housing Agreement or the Agreement Containing Covenants.

3. This Release shall constitute a conclusive determination of satisfaction of the agreements and covenants contained in the Housing Agreement requiring the Developer, and its successors and assigns, to construct the improvements and the dates for the beginning and completion thereof.

"AGENCY"
CULVER CITY REDEVELOPMENT AGENCY, a public body corporate and politic

Date: ______________________

By: __________________________________
Executive Director

ATTEST:

By: __________________________________
Agency Secretary

APPROVED AS TO FORM:

By: __________________________________
General Counsel

By: __________________________________
KANE, BALLMER & BERKMAN
Agency Special Counsel

EXHIBIT A

LEGAL DESCRIPTION OF SITE

The land referred to herein is situated in the State of California, County of Los Angeles, and described as follows:

Lots 3, 20 and 21, in Block 21 of Tract No. 1775, in the City of Culver City, as per map recorded in Book 21 Pages 190 and 191 of Maps, in the Office of the County Recorded of said County.

EXCEPT therefrom all oil, gas, and other hydrocarbon substances in and under all of the above described real property, but without any right to penetrate, use of disturb the surface of said property or any portion of said property within five hundred (500) feet of the surface thereof as reserved in deed recorded August 30, 1985 as Instrument No. 85-1016436 of Official Records.

APN: 4207-007-907

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_______________________________________ (Seal)

State of California)

County of Los Angeles)

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

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

WITNESS my hand and official seal.

Signature_______________________________________ (Seal)

From: Booby2 [mailto:boopy2@ca.rr.com]
Sent: Friday, July 16, 2010 12:14 PM
To: Tipton, Todd
Cc: Redevelopment
Subject: Slow Growth?

I have lived on Irving Place for 75 years and have always been afraid this would eventually happen. Instead of trying to preserve the residential areas as single family homes, you are now starting the eventual creep up the street to apartments. You do this under the guise of affordable housing for low income folks. In truth we all know what this means. More traffic on Irving Place, more impact on the local school, and more head aches for the Irving Place home owners. With the investment that CC has made in the very close by down town area, I would think that you would want to preserve this area as up scale. Leave Irving Place alone! We have done quite well without you for the last 100 years. These so called "investors" are only interested in profit and could care less about the people who live on and love Irving Place. We don't need redeveloping, we are already well developed.
This is not a blighted area that needs help.
I assume you have already made all of you back room deals and there is nothing that the people who have lived on and cared for Irving Place can do. You are just like the Federal and State governments. You will do what you do no matter what the people think or want. No fancy word like "Investors group" changes anything. How about "money hungry with no vested interest in the home owners" instead. What is the motive behind this? More taxes for the City of Culver City? How about a city that needs less taxes because they don't over spend and are fiscally responsible to the citizens. We don't need to be a fancy city, just a city that cares about the people and their dream of owning a good home and are willing to pay for it, care for it, and stay long term because Culver City is a good place to live.
My father served on the Planning Commission and on the City Council in the 1940's. I grew up knowing all of our city father's of that time. None of them could imagine what you are planning for the home owners and our fair city. They would be among the first to show their contempt.
Ann Douglas
boopy2@ca.rr.com

CORRESPONDENCE
ATTACHMENT 2

From: Meghan Sahli-Wells [meghan@ccnan.org]
Sent: Monday, July 19, 2010 3:58 PM
To: Armenta, Chris; Mehaul O'Leary; Weissman, Andrew; Malsin, Scott; Jeffery Cooper
Cc: Blumenfeld, Sol; Tipton, Todd; Steve Hadland; Andre Herndon; Gary Walker; Judith Martin-Straw; Ari Noonan
Subject: Community position on the proposed affordable housing component for 4043 Irving Place

July 19, 2010

Dear Redevelopment Agency Members,

The Downtown Neighborhood Association wishes to advise you of our position on the affordable housing component for 4043 Irving Place.

The DNA supports the development of affordable housing in Culver City. Before appropriating approximately $6 million of redevelopment funds, as well as an undisclosed amount of grant money for this project, we ask that the Agency perform its due diligence and make comprehensive site visits to affordable housing properties currently owned and managed by the developers.

Site visits should include an assessment of the physical condition of the properties, the level of maintenance, interviews with residents, and an assessment of their fiscal management. Site visits are customarily performed to evaluate a developer's capacity to adequately manage an affordable housing project. Findings should be reported back to the Agency and the community before approval is given.

Since the 4043 Irving project has been a controversial one and the city has not involved the Planning Commission in what is clearly a significant change in the project, it would seem incumbent on the Redevelopment Agency to base their decision making on the most thorough evaluation.

True due diligence would not only allay concerns about funding this project, but will also contribute to a better project, one which serves community development.

Sincerely,
Meghan Sahli-Wells
President, Downtown Neighborhood Association

CORRESPONDENCE
ATTACHMENT 2

cc: Sol Blumenfeld
Todd Tipton
Steve Hadland
Andre Herndon
Gary Walker
Judith Martin-Straw
Ari Noonan

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(310)845-5831