

GROUND LEASE AGREEMENT

by and between

HOUSING AUTHORITY OF THE CITY OF RICHMOND

and

NEVIN PLAZA II, L.P.

Nevin Plaza - Phase II

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Exhibit D	Schedule of Performance
Exhibit F	Resident Selection Plan
Exhibit G	Annual Operating Budget
Exhibit H	Approved Financing
Exhibit I	First Source Hiring Agreement
Exhibit J	Regulatory Agreement
Exhibit L	Form of Certificate of Completion

GROUND LEASE AGREEMENT
(Nevin Plaza Phase I)

THIS GROUND LEASE AGREEMENT (this “**Lease**”), dated for reference purposes only as of _____, 20__ executed by and between the Housing Authority of the City of Richmond, a public body corporate and politic (the “**Lessor**”), and Nevin Plaza II, L.P., a California limited partnership (the “**Lessee**”).

RECITALS

- A. Capitalized terms used, but not defined in these Recitals, shall have the meaning set forth in Section 1.1.
- B. Lessor owns in fee that certain unimproved real property located in the City of Richmond, California, and more particularly described in Exhibit A attached hereto (the “**Land**”).
- C. Lessee has agreed to construct a 76-unit multifamily rental housing development on the Land that will include 75 apartments that will be affordable to low-, extremely-low, and very low-income households (as more particularly described herein, the “**Development**”) in accordance with the requirements of this Lease. The Development will include a structured parking garage consisting of at least 38 parking spaces (the “**Garage**”).
- D. Among other financing sources to be utilized for the development and operation of the Development, the Development shall be funded pursuant to, and operated in accordance with, the HUD Requirements. Lessee has also secured other public and private funding sources for the development and operation of the Development.
- E. Lessor desires to lease the Leased Premises to Lessee pursuant to the terms of this Lease for a period of ninety-nine (99) years commencing upon the date of the recordation of the Memorandum of Lease.
- F. Prior to the date set forth above, the City and other applicable agencies, completed all the necessary environmental review of the Development under the California Environmental Quality Act, as amended (“**CEQA**”), and the National Environment Policy Act, as amended (“**NEPA**”).

NOW, THEREFORE, for and in consideration of the foregoing recitals, which are hereby incorporated into this Lease, the covenants, representations, warranties and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

**ARTICLE 1.
DEFINITIONS**

Section 1.1 Definitions. As used in this Lease, the following terms shall have the meanings set forth in this Section 1.1.

- (a) Act. The United States Housing Act of 1937 (42 U.S.C. Section 1437, *et seq.*), as amended from time to time, or any successor legislation, and all implementing regulations issued thereunder or in furtherance thereof.
- (b) Alterations. As defined in Section 9.2 hereof.
- (c) Annual Operating Budget. As defined in Section 5.8 hereof.
- (d) Appraiser. As defined in Section 12.4 hereof.
- (e) Approved Final Plans. The plans for development of the Improvements, as set forth in that certain _____, prepared by _____, and approved by the City of Richmond Building Department, as such plans may be revised pursuant to the terms of the Lease.
- (f) Approved Financing. The financing approved by Lessor that Lessee will use in connection with the development and operation of the Development. A description of the Approved Financing as of the Commencement Date is set forth in Exhibit H.
- (g) Approved Lenders. Any lender or other entity providing a loan, grant, or other financial accommodations to the Lessee in connection with the Approved Financing.
- (h) Authority Documents. The LDDA, this Lease, and the Regulatory Agreement.
- (i) Bond Regulatory Agreement. The Regulatory Agreement and Declaration of Restrictive Covenants executed by and between the [California Municipal Finance Authority] and the Lessee in connection with the Approved Financing.
- (j) Casualty. As defined in Article 13 hereof.
- (k) Certificate of Completion. The certificate issued by Lessor to Lessee, after completion of the construction of the Improvements.
- (l) City. The City of Richmond, California, a municipal corporation.
- (m) Claims. As defined in Section 9.3 hereof.
- (n) Closing or Closing Date means the date that the Memorandum of Lease is recorded in the Official Records, and shall be the date that closing for Lessee's construction financing occurs.
- (o) Code. The Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

(p) Commencement Date. Means the date that the Term commences, and shall be the date that the Memorandum of Lease is recorded in the Official Records.

(q) Compliance Period. The period specified in Section 42(i)(1) of the Code, as applicable to the Development.

(r) Conditions to Closing. As defined in Section 2.3 hereof.

(s) Construction Period Operating Reserve. Defined in Section 5.9 hereof.

(t) Controlling Interest. As defined in Section 18.1 hereof.

(u) County. The County of Contra Costa, a political subdivision of the State of California.

(v) Development. Defined in Recital C.

(w) Disposition Agreement. If required by HUD, the Disposition Agreement executed by and between HUD and Lessor pertaining to the disposition of the Property.

(x) EAH. EAH Inc., a California nonprofit public benefit corporation.

(y) Event of Default. As described in Article 14 hereof.

(z) Full Replacement Value. As defined in Section 8.1 hereof.

(aa) Garage. As defined in Recital C.

(bb) General Partner. Nevin Plaza II EAH, LLC, a California limited liability company, or a successor limited liability company of which EAH or an affiliate is the sole member.

(cc) Governmental Authorities. Any applicable federal, state or local governmental or quasi-governmental entities, subdivisions, agencies, authorities or instrumentalities having jurisdiction over the Leased Premises, the Improvements, Lessor or Lessee.

(dd) HACCC. The Housing Authority of the County of Contra Costa, a public body, corporate and politic.

(ee) Hazardous Materials Claim. As defined in Section 11.3 hereof.

(ff) Hazardous Materials Law. Any and all federal, state and local statutes, ordinances, orders, rules, regulations, guidance documents, judgments, governmental authorizations or directives, or any other requirements of governmental authorities, as may presently exist, or as may be amended or supplemented, or hereafter enacted, relating to the presence, release, generation, use, handling, treatment, storage,

transportation or disposal of Hazardous Material, or the protection of the environment or human, plant or animal health, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. §9601), the Hazardous Materials Transportation Act (49 U.S.C. §1801 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. §6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. §1251 *et seq.*), the Clean Air Act (42 U.S.C. §7401 *et seq.*), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.*), the Oil Pollution Act (33 U.S.C. §2701 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §11001 *et seq.*), the Porter-Cologne Water Quality Control Act (Cal. Water Code §13000 *et seq.*), the Toxic Mold Protection Act (Cal. Health & Safety Code §26100, *et seq.*), the Safe Drinking Water and Toxic Enforcement Act of 1986 (Cal. Health & Safety Code §25249.5 *et seq.*), the Hazardous Waste Control Act (Cal. Health & Safety Code § 25100 *et seq.*), the Hazardous Materials Release Response Plans & Inventory Act (Cal. Health & Safety Code §25500 *et seq.*), and the Carpenter-Presley-Tanner Hazardous Substances Account Act (Cal. Health and Safety Code, Section 25300 *et seq.*).

(gg) Hazardous Materials or Hazardous Substances. Any chemical, compound, material, mixture, or substance that is now or may in the future be defined or listed in, or otherwise classified pursuant to any Hazardous Materials Law as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, “infectious waste”, toxic substance”, toxic pollutant”, or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity. The terms “hazardous material” and “hazardous substance” shall also include asbestos or asbestos-containing materials, radon, chrome and/or chromium, polychlorinated biphenyls, petroleum, petroleum products or by-products, petroleum components, oil, mineral spirits, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable as fuel, perchlorate, and methyl-tert butyl ether, whether or not defined as a hazardous waste or hazardous substance in Hazardous Materials Laws.

(hh) HQS is defined in Section 3.1(b).

(ii) HUD. United States Department of Housing and Urban Development.

(jj) HUD Documents. The Disposition Agreement (if required by HUD), the Use Agreement, and any other agreements evidencing the HUD Requirements applicable to the Development.

(kk) HUD Requirements. The Use Agreement requirements and any other HUD requirements applicable to the Development.

(ll) Impositions. All taxes, including without limitation, property and possessory interest taxes, assessments, water and sewer charges, charges for public utilities, excises, levies, license and permit fees and other charges that shall or may be assessed, levied or imposed during the Term by any Governmental Authorities upon the

Leased Premises or the Improvements, or any part thereof, including the buildings or improvements now or hereafter located on the Land; provided, however, that the term “Impositions” shall not include any income tax, capital levy, estate, succession, inheritance, transfer or similar taxes imposed on Lessor, or any franchise tax imposed upon any owner of the fee interest in the Leased Premises, or any income, profits or revenue tax, assessment or charge imposed upon the rent or other benefit received by Lessor under this Lease. Notwithstanding the foregoing, Lessee shall be responsible for payment of all transfer and similar taxes imposed in connection with the ground lease of the Land to Lessee pursuant to this Lease.

(mm) Improvements. The improvements now or hereafter located on the Leased Premises, including without limitation, the Development.

(nn) Indemnitees means, collectively, Lessor, City, and their respective elected and appointed officers, officials, commissioners, employees, agents, consultants, contractors, and volunteers.

(oo) Insolvency Proceeding(s). The commencement of any case under the Bankruptcy Code, Title 11 of the United State Code (the “**Bankruptcy Code**”), or commencement of any other bankruptcy, arrangement, reorganization, receivership, custodianship or similar proceeding under any federal, state or foreign law.

(pp) Insurance Requirements. The requirements, whether now or hereafter in force, of any insurer or insurance carrier, any board of fire underwriters or any other company, bureau, organization or entity performing the same or similar functions, applicable to the Leased Premises and/or the Improvements, or any portion thereof, to the extent so applicable.

(qq) Land. Defined in Recital B.

(rr) LDDA. The Lease Disposition and Development Agreement dated as of [REDACTED], 2024 and executed by and between Lessor and Lessee.

(ss) Lease. This Ground Lease Agreement, as it may be amended from time to time.

(tt) Lease Year. Each calendar year during the Term.

(uu) Leased Premises. That certain real property located in the City of Richmond, County of Contra Costa, California, as more particularly described in Exhibit A, together with all easements and appurtenances attaching thereto.

(vv) Leasehold Mortgage. Any mortgage, deed of trust, security agreement or collateral assignment securing a loan approved as Approved Financing and encumbering Lessee's Estate.

(ww) Leasehold Mortgagee. The holder, mortgagee, grantee or secured party under any Leasehold Mortgage, and their successors and assigns.

(xx) Legal Requirements. All laws, statutes, codes, ordinances, orders, rules, regulations and requirements of all Governmental Authorities and the agencies, officers, departments, boards and commissions thereof, whether now or hereafter in force, applicable to Lessor, Lessee, the Leased Premises, the Improvements, or any portion thereof, to the extent so applicable.

(yy) Lessee. Nevin Plaza II, L.P., a California limited partnership, and its permitted successors and assigns.

(zz) Lessee's Estate. Lessee's leasehold interest in the Leased Premises acquired pursuant to this Lease and Lessee's fee interest in the Improvements from the Closing Date through the expiration or termination of this Lease.

(aaa) Lessor's Estate. Lessor's fee interest in the Land and reversionary interest in the Improvements following the expiration or termination of this Lease.

(bbb) License Agreement. That certain License Agreement dated as of March 1, 2023, and recorded in the Official Records on March 20, 2023 as Instrument No. 2023-0025657.

(ccc) License Termination. As defined in Section 2.6 hereof.

(ddd) Limited Partner. _____, a _____ and its successors and/or assigns.

(eee) Major Alterations. As defined in Section 9.2, hereof.

(fff) Management Agent. EAH or any successor management agent retained in accordance with this Lease.

(ggg) Master Development Agreement. That certain Master Development Agreement dated as of December 15, 2020, executed by Lessor and EAH, as amended by that certain First Amendment to Master Development Agreement dated as of March 1, 2023 and executed by and between Authority and EAH.

(hhh) Memorandum of Lease. The Memorandum of Ground Lease evidencing this Lease to be recorded in the Official Records substantially in the form attached hereto as Exhibit C.

(iii) Net Condemnation Award. The net amounts owed or paid to the Parties or to which either of the Parties may be or become entitled by reason of any Taking or pursuant to any agreement with any condemning authority which has been made in settlement of any proceeding relating to a Taking, less any costs and expenses incurred by the Parties in collecting such award or payment.

(jjj) Net Proceeds. As defined in Section 10.13 hereof.

(kkk) Official Records. The Official Records of Contra Costa County, California.

(lll) Option. The purchase options and right of first refusal described in the Partnership Agreement.

(mmm) Partnership Agreement. The Amended and Restated Agreement of Limited Partnership of Nevin Plaza II, L.P. dated on or about the Closing Date, as it may be amended, modified or supplemented from time to time.

(nnn) Party. Lessor or Lessee, as applicable. Lessor and Lessee shall be referred to collectively as the “Parties.”

(ooo) Person. An individual, partnership, corporation, limited liability company, trust, unincorporated association, or other entity or association.

(ppp) Permitted Encumbrances. As defined in Section 2.5.

(qqq) Phase I Partnership. Nevin Plaza I, L.P., a California limited partnership.

(rrr) Phase I Project. The 100 unit multifamily project owned by the Phase I Partnership and located adjacent to the Land on property leased from Lessor.

(sss) Prime Construction Contract is defined in Section 3.6.

(ttt) Prevailing Wage Laws is defined in Section 3.1 d.

(uuu) Regulatory Agreement. The Regulatory Agreement and Declaration of Restrictive Covenants to be executed by and between Lessor and Lessee substantially in the form attached hereto as Exhibit J and recorded against Lessee’s Estate on the Closing Date.

(vvv) Reciprocal Easement Agreement. As defined in Section 2.8.

(www) Base Rent. As defined in Section 6.1.

(xxx) Restricted Units. The 75 Units in the Development that are not manager’s units and that are subject to the rent and occupancy restrictions set forth herein and in the Regulatory Agreement.

(yyy) RMC means the City of Richmond Municipal Code.

(zzz) RMC Chapter 2.60 means the City of Richmond’s Living Wage Ordinance (Richmond Municipal Code 2.60).

(aaaa) Schedule of Performance. The schedule of performance milestones set forth in Exhibit D attached hereto.

(bbbb) Special Form. As defined in Section 8.1 hereof.

(cccc) Subsequent Owner. Subsequent Owner shall mean (a) any party (including, without limitation, any Leasehold Mortgagee or assignee of a Leasehold Mortgagee, as applicable) acquiring the Lessee's rights and interests in the Leased Premises, this Lease, and the Improvements, which acquisition is a result of a foreclosure or other transfer in lieu of foreclosure under a Leasehold Mortgage, and (b) any successor or assignee of any party described in (a).

(dddd) Taking. A taking during the Term of all or any part of the Leased Premises and/or the Improvements, or any interest therein or right accruing thereto, as a result of the exercise of the right of condemnation or eminent domain materially affecting the Leased Premises or the Improvements or any part thereof. A conveyance in lieu of, or in anticipation of, the exercise of any such right of condemnation or eminent domain shall be considered a Taking. Any such Taking shall be deemed to have occurred upon the earlier to occur of (a) the date on which the property, right or interest so taken must be surrendered to the condemning authority, or (b) the date title vests in a condemning authority or other party pursuant to any Taking.

(eeee) Tax Credit Restrictive Covenant. The agreement with TCAC to be executed by Lessee and recorded against Lessee's Estate, setting forth certain terms and conditions under which the Improvements will be operated.

(ffff) TCAC. The California Tax Credit Allocation Committee.

(gggg) TCAC Requirements. The Tax Credit Restrictive Covenant and all TCAC regulations applicable to the Development.

(hhhh) Tenant(s). The residents of the Units.

(iiii) Tenant Lease(s). Any lease or rental agreement entered into by Lessee with a Tenant.

(jjjj) Term. As defined in Section 2.2 hereof.

(kkkk) Transfer. As defined in Article 18 hereof.

(llll) Units. All of the residential units in the Development. The Units will include one (1) unrestricted management unit and 75 Restricted Units.

(mmmm) Use Agreement. The Use Agreement to be executed by and among Lessor, Lessee, and HUD, which provides for affordability and use restrictions on the Development, and which will be recorded prior to the liens of all Leasehold Mortgages, as such agreement may be amended from time to time.

Section 1.2 Exhibits.

The following exhibits are attached to this Lease and incorporated herein:

Exhibit A	Leased Premises
Exhibit C	Form of Memorandum of Lease
Exhibit D	Schedule of Performance
Exhibit F	Resident Selection Plan
Exhibit G	Annual Operating Budget
Exhibit H	Approved Financing
Exhibit I	First Source Hiring Agreement
Exhibit J	Form of Regulatory Agreement
Exhibit L	Form of Certificate of Completion

**ARTICLE 2.
LEASE OF THE LEASED PREMISES**

Section 2.1 **Leased Premises.** Subject to the terms hereof and in consideration of the covenants of payment and performance stipulated herein, effective as of the date the Memorandum of Lease is recorded in the Official Records, Lessor will lease, demise and let the Leased Premises to Lessee, and Lessee will lease and take the Leased Premises from Lessor.

Section 2.2 **Term; Commencement Date; Indemnity; Closing Date.** Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for the term commencing on the Commencement Date and expiring on the day immediately preceding the ninety-ninth (99th) anniversary of the Commencement Date (the “**Term**”). The Commencement Date shall mean the date upon which the Use Agreement, the Memorandum of Lease, and the Regulatory Agreement are recorded in the Official Records following Lessee’s satisfaction or Lessor’s waiver of all of the Conditions to Closing set forth below.

Without limiting any other provision of this Lease pertaining to Lessee’s obligation to indemnify Lessor and the other Indemnitees, Lessee hereby agrees that it shall, jointly and severally together with EAH, indemnify, defend with counsel approved by Lessor, and hold the Indemnitees harmless from and against any and all Claims of any nature whatsoever arising in connection with the Leased Premises or the Improvements between the Commencement Date and the Closing Date, and such obligation shall survive the expiration or termination of this Lease.

Section 2.3 **Conditions Precedent.** Notwithstanding anything to the contrary contained herein, the Closing shall not occur until all of the conditions precedent set forth in this Section 2.3 have been satisfied (or waived by Lessor) (the “**Conditions to Closing**”). Lessor’s consent to the recordation of the Memorandum of Lease shall serve as evidence that all Conditions to Closing have been satisfied or waived as of the Closing Date.

(a) Lessee shall have submitted a schedule of performance, which shall be approved by Lessor and attached hereto as Exhibit D, as such schedule may be amended from time to time by mutual agreement of the Parties (the “**Schedule of Performance**”). Lessor may, at its sole discretion, provide Lessee with extensions for particular dates in the Schedule of Performance.

(b) Lessee shall have obtained a commitment for the tax credit equity and all other construction financing necessary for the development of the Improvements, as approved by Lessor, and to the extent necessary, HUD, and shall have provided evidence that (i) all conditions to the release and expenditure of the initial draw of funds from each source of construction financing for the Development have been met and that such funds will be available, and (ii) all construction financing (including draws subsequent to the initial draw of funds) will be available upon the satisfaction of the conditions set forth in the applicable documents.

(c) Lessor shall have approved the Partnership Agreement.

(d) Lessor shall have approved all documents related to the Approved Financing.

(e) Lessor shall have approved the Prime Construction Contract.

(f) Lessee shall have obtained a building permit or permit-ready letter, allowing for the construction of the Improvements in accordance with the Approved Final Plans, and shall have obtained all other permits necessary to construct the Improvements.

(g) There shall be no uncured default on the part of Lessee under this Lease or the Authority Documents, nor shall there have been an event that with notice or the passage of time or both could constitute a material default, under any of the foregoing.

(h) Lessee shall have paid, or concurrently with the Closing, shall pay to Lessor all sums payable by Lessee to Lessor in connection with the lease of the Land, and the transactions described in this Lease, including without limitation, payment of the expenses described in Section 4.1 below.

(i) If not previously delivered, Lessee shall have delivered to Lessor, or if instructed, deposited into escrow, the following documents:

(1) Two (2) duly executed originals of this Lease.

(j) If not previously delivered, Lessee shall have deposited into escrow the following documents:

(1) One (1) original duly executed and acknowledged counterpart of the Memorandum of Lease.

(2) One (1) original duly executed and acknowledged counterpart of the Regulatory Agreement.

(3) One (1) original duly executed and acknowledged counterpart of the Use Agreement.

(4) One (1) original duly executed and acknowledged counterpart of the License Termination.

(5) One (1) original duly executed and acknowledged counterpart of the Reciprocal Easement Agreement.

(k) To the extent required, HUD shall have approved this Lease, the Use Agreement, and any other documents that require HUD approval.

(l) Lessee shall have provided copies of payment and performance bonds and evidence of all insurance required by this Lease as set forth in Article 8.

Section 2.4 Use and Affordability Restrictions. Subject to the provisions hereof, Lessee shall use the Leased Premises for the development, operation and maintenance of the Improvements in accordance with the restrictions and requirements set forth in Article 5 hereof, and throughout the Term, shall continuously use and operate the Development only for the following uses, and such other uses as are reasonably and customarily attendant to such uses: development, marketing for lease, and leasing of the Units in a manner that strictly satisfies the requirements of this Lease, and throughout their respective terms, the Use Agreement and the Regulatory Agreement. Further, Lessee agrees:

(a) Not to use the Leased Premises or the Improvements for any disorderly or unlawful purpose;

(b) To use reasonable efforts to prevent, abate, or terminate any actions by Tenants that constitute a nuisance or unlawful conduct in, on, or about, the Leased Premises or Improvements;

(c) To use reasonable efforts to prevent, abate, or terminate any action by any Tenant that would cause Lessee to violate any of the covenants and conditions of this Lease with respect to the Improvements;

(d) Upon notice from Lessor, to take reasonable action, as necessary to abate any action by any Tenant that would cause Lessee to violate this Lease; and

(e) Subject to the rights of Tenants, to permit Lessor and its agents upon not less than forty-eight (48) hours' written notice to inspect the Leased Premises and the Improvements or any part thereof at any reasonable time during the Term.

(f) To use the Leased Premises and Improvements only as affordable rental multi-family housing and approved ancillary uses with occupancy and rents restricted as follows:

(i) The Restricted Units shall be restricted for occupancy by households whose gross household income at initial occupancy is not greater than sixty percent (60%) of area median income adjusted for household size as determined by TCAC; and

(ii) The monthly rent for the Restricted Units minus a utility allowance as published by HACCC shall be limited to one-twelfth (1/12th) of thirty percent (30%) of the household income limit established pursuant to the

preceding clause (f)(i), adjusted for household size appropriate for the Unit, or if greater, the rent established pursuant to TCAC Requirements.

(iii) The monthly rent for Restricted Units that are reserved for occupancy by formerly homeless households will be restricted as set forth in the Regulatory Agreement.

Notwithstanding any contrary provision hereof, during any such time that the Tax Credit Restrictive Covenant applies to the Development, if the occupancy restrictions and/or rent limitations set forth in the Tax Credit Restrictive Covenant are stricter than those set forth in this Lease, the occupancy restrictions and rent limitations set forth in the Tax Credit Restrictive Covenant shall prevail over any inconsistent provision set forth in this Lease or the Regulatory Agreement.

Section 2.5 Covenants Regarding Encumbrances. Lessee agrees that, with the exception of: (i) Leasehold Mortgages and other recorded documents held by the Approved Lenders; (ii) the Use Agreement; (iii) the Tax Credit Restrictive Covenant, and TCAC's standard ground lease rider (following recordation in the Official Records); (iv) Tenant Leases; (v) utility easements and other customary easements necessary and incidental to the development and maintenance of the Improvements (which easements are subject to the approval of Lessor, which shall not be unreasonably withheld or delayed), (vi) the Regulatory Agreement and the Bond Regulatory Agreement, and (vi) such other encumbrances (if any) approved by Lessor (all of the foregoing, collectively, the "**Permitted Encumbrances**"), neither the Leased Premises nor the Improvements, nor any portion thereof, shall be encumbered in any way, nor shall the assets of the Development be pledged as collateral for a loan, without the prior written approval of Lessor and HUD.

Section 2.6 Possession. On the Commencement Date, Lessor will deliver to Lessee exclusive possession and occupancy of the Leased Premises, subject only to the Permitted Encumbrances. Prior to the Commencement Date, Lessor shall retain possession of the Leased Premises and Lessee shall have no rights to the Leased Premises except as specifically set forth in the License Agreement. On the Commencement Date, the parties will record a termination of the License Agreement ("**License Termination**").

Section 2.7 Memorandum of Lease. The Parties shall execute and acknowledge the Memorandum of Lease, substantially in the form attached hereto as Exhibit C, which shall be recorded in the Official Records on the Commencement Date.

Section 2.8 Parking; Reciprocal Easement Agreement. The Development shall include the construction of the Garage. On the Closing Date, Lessee and Phase I Partnership will execute and record in the Official Records a reciprocal easement agreement that addresses Garage operation and maintenance obligations and provides that residents of the Development and residents of the Phase I Project will be permitted to park in the Garage ("**Reciprocal Easement Agreement**").

ARTICLE 3.
DEVELOPMENT OF THE IMPROVEMENTS

Section 3.1 Development of the Improvements. As more particularly described in Section 5.1 below, commencing upon the Closing Date and continuing throughout the Term, the Improvements and all alterations, additions, equipment and fixtures built, made or installed by Lessee in, on, under or to the Leased Premises or Improvements shall be the sole property of Lessee unless otherwise provided in this Lease.

(a) Subject to Section 19.15 hereof, Lessee shall commence and complete the development of the Improvements by the times set forth in the Schedule of Performance, as such schedule may be amended from time to time.

(b) Lessee shall cause the Improvements to be constructed in compliance with the Approved Final Plans, and shall ensure that the Improvements are maintained in conformity with Housing Quality Standards (“**HQS**”) as required by HUD. Any and all Improvements constructed or rehabilitated by or on behalf of Lessee shall be constructed and rehabilitated in compliance with all applicable Legal Requirements, including, without limitation, the local business and local hire requirements as set forth in Section 3.1(c), below, the labor standards applicable to the development of the Development (including, but not limited to, wage rates under the Davis-Bacon Act (40 U.S.C.A. 276a-1 through 40 U.S.C.A. 276a-5)), and the Prevailing Wage Laws set forth in Section 3.1(d), below, all applicable requirements of the Act, and in accordance with the requirements of the Approved Financing. Lessee shall provide Lessor with copies of all documentation relating to contractor bids for the Development, and agrees to comply with Lessor’s construction hiring goals set forth below.

(c) The Improvements shall be subject to compliance with the Richmond Municipal Code (“**RMC**”) including without limitation, the local business and local hire requirements set forth therein, including the City’s Business Opportunity Ordinance (RMC, Chapter 2.50) and Local Employment Program Ordinance (RMC, Chapter 2.56) (the “**Local Business and Local Hire Requirements**”). Pursuant to RMC Chapter 2.56, and prior to the Commencement Date, Lessee shall also enter into a First Source Hiring Agreement with the City, substantially in the form of Exhibit I attached hereto and otherwise satisfactory to City (the “**First Source Hiring Agreement**”). Lessee shall provide Lessor with written acknowledgement by the Prime Contractor (as defined in Section 3.6) of the requirements of RMC Section 2.56.030(c), which code section shall be reproduced in full within the written acknowledgement. The written acknowledgement shall also include an express commitment by the Prime Contractor to use its best efforts to see that all of its subcontractors comply with all Local Business and Local Hire Requirements.

(d) Lessee shall comply, and shall cause the Prime Contractor and each other contractor and subcontractor to comply, with all applicable requirements of California Labor Code Sections 1720 *et seq.* and the implementing regulations of the California Department of Industrial Relations (collectively, “**Prevailing Wage Laws**”) and the City of Richmond’s Living Wage Ordinance (Richmond Municipal Code 2.60)

(“RMC Chapter 2.60”), including without limitation, the requirement to pay prevailing wages and living wages, as applicable, in the development of the Development as those wages are determined pursuant to Prevailing Wage Laws and RMC Chapter 2.60. Lessee shall, and shall cause the Prime Contractor and each other contractor and subcontractor to, keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Prevailing Wage Laws and RMC Chapter 2.60. Copies of the currently applicable current per diem prevailing wages are available from the California Department of Industrial Relations website, www.dir.ca.gov. During the construction of the Development, Lessee shall, or shall cause the Prime Contractor to, post at the Leased Premises the applicable prevailing rates of per diem wages. Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor and City) and hold harmless the Indemnitees from and against any and all Claims arising out of the failure of Lessee, the Prime Contractor or any other contractor or subcontractor to pay living wages pursuant to the RMC Chapter 2.60 and prevailing wages as determined pursuant to Prevailing Wage Laws or to comply with the other applicable provisions of Prevailing Wage Laws or RMC Chapter 2.60 in connection with construction or any other work undertaken in connection with the Development. Lessee’s indemnity obligations under this paragraph shall survive the expiration or earlier termination of this Lease.

(e) Maintenance of Payroll Records. Lessee shall and shall cause the Prime Contractor and each other contractor and subcontractor to maintain accurate payroll records showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker and others employed on the Development. Each payroll record shall contain or be verified by a written declaration made under penalty of perjury, stating both of the following: (1) the information contained in the payroll record is true and correct, and (2) the employer has complied with the requirements of Labor Code Section 1771 (prevailing wage provisions), Section 1811 (eight-hour day, forty-hour week provisions), and Section 1815 (overtime compensation) for any work performed by his or her employees on the Development. Lessee shall and shall require the Prime Contractor and each other contractor and subcontractor to provide certified payroll records to City each week, no later than ten (10) days after the end of a weekly pay period. Payroll records shall be maintained and made available in accordance with Labor Code Section 1776. In addition, Lessee shall and shall require the Prime Contractor and each other contractor and subcontractor promptly to deliver to Lessor, upon request, documents verifying compliance with RMC Chapter 2.60, including documents that evidence that each affected employee has been notified regarding the wages required to be paid pursuant to the RMC Chapter 2.60. Notice of living wages shall also be posted at the Development site.

(f) Senate Bill 854 Requirements.

(1) Contractor Registration. If and to the extent applicable, Lessee shall abide by SB 854 providing: (a) no contractor or subcontractor may be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the California Public Contract Code, or engage in the performance of any contract for public work, unless currently registered with

DIR and qualified to perform public work pursuant to California Labor Code Section 1725.5 (California Labor Code Section 1771.1(a)); (b) no contractor or subcontractor may be awarded a public works contract unless registered with the DIR to perform public work pursuant to Labor Code Section 1725.5 (Labor Code Section 1771.1(b)); and (c) work performed on the project is subject to compliance monitoring and enforcement by DIR (Labor Code Section 1771.4).

(2) Job Site Notices. Lessee shall or shall cause the Prime Contractor to post at the job site notices in compliance with Title 8 California Code of Regulations, Section 16451(d).

(g) Changes. Lessee shall construct the Improvements in conformance with the Approved Final Plans. Lessee shall notify the Lessor in a timely manner of any proposed changes in the work required to be performed under this Lease, including any proposed additions, changes, or deletions to the Approved Final Plans. Written authorization from the Lessor must be obtained before any of the following changes, additions, or deletions in work for the Improvements may be performed: (i) any change in the work the cost of which exceeds Three Hundred Thousand Dollars (\$300,000); (ii) any set of changes in the work the cost of which cumulatively equals Five Hundred Thousand Dollars (\$500,000); (iii) any material change in building materials or equipment, specifications, or the structural or architectural design or appearance of the Improvements as provided for in the Approved Final Plans; (iv) any change in Unit count; or (v) any material change to common areas or spaces designated for tenant services. Any change described in this paragraph shall require Lessor's prior written consent. Lessor's consent to any additions, changes, or deletions to the work shall not relieve or release Lessee from any other obligations under this Lease, or relieve or release Lessee or its surety from any surety bond.

Section 3.2 Submittal and Approval of Plans and Specifications.

(a) Lessee shall submit to City for its approval in its regulatory capacity the proposed construction plans for development of the Development as well as plans for the demolition of any existing improvements located on the Land (collectively, the "**Proposed Plans**") within the time necessary for the City to review and approve the Proposed Plans in accordance with the Schedule of Performance. The Proposed Plans shall include plans for the undergrounding of all utilities used, rendered or supplied upon or in connection with the Development.

(b) Concurrently with its submittal of the Proposed Plans to City, Lessee shall submit copies thereof to Lessor for Lessor's review and approval. Lessor shall approve or disapprove, in its reasonable discretion, the Proposed Plans within ten (10) business days following receipt. Any disapproval of the Proposed Plans shall state in writing the specific and detailed reasons for the disapproval and the changes Lessor reasonably requests in order to obtain Lessor approval. Lessor's disapproval of the Proposed Plans shall be based on one or more of the following: (a) the Proposed Plans are incomplete; (b) the Proposed Plans do not conform with the existing CEQA and NEPA approvals or do not incorporate mitigation measures required per such approvals; (c) the

Proposed Plans do not comply with the requirements of this Lease; and/or (d) the Proposed Plans do not conform with all other Legal Requirements.

(c) If the Proposed Plans are disapproved by Lessor in whole or in part, Lessee shall have ten (10) business days following receipt of Lessor's disapproval notice to submit to Lessor new or revised Proposed Plans. Lessor shall approve or disapprove, in its reasonable discretion, any such resubmitted Proposed Plans and the same timelines and procedures for approval or disapproval shall apply to the resubmitted Proposed Plans as set forth above for the original submission.

(d) The Parties further agree and understand that notwithstanding the time requirements set forth in this Section 3.2 for submissions to Lessor by Lessee and review and approval of such items by Lessor, Lessee shall be responsible for assuring that all items are submitted to Lessor in approvable form in a timely manner such that Lessor may have the time permitted by this Section 3.2 to review and approve plans and documents no later than the dates set forth above. Any approval by Lessor pursuant to this Section 3.2 shall not constitute, substitute for, or guaranty approval of any building permit or other Development approvals.

(e) If Lessee submits, and as applicable resubmits, the Proposed Plans in an approvable form to Lessor, and Lessor neither approves or disapproves the submittals within the time periods established in this Section 3.2, the approval shall be deemed denied. Lessee may then provide written notice to Lessor indicating that if Lessor fails to act on the Proposed Plans as so submitted or resubmitted within five (5) business days following Lessor's receipt of such notice, then such Proposed Plans shall be deemed approved by Lessor pursuant to the provisions of this Section 3.2. For purposes of this Section 3.2, Lessee shall deliver such notice by certified mail to Lessor's Executive Director with a copy to the City Attorney's Office. If Lessor fails to act on such Proposed Plans within five (5) business days following its receipt of such notice, then such Proposed Plans as so submitted or resubmitted shall be deemed approved by Lessor. Lessor acknowledges that Lessor has approved the Proposed Plans that Lessee has submitted to Lessor and the City.

(f) The Proposed Plans approved by City and approved, or deemed approved, by Lessor pursuant to this Section 3.2 shall be referred to herein as the "**Approved Final Plans.**" A copy of the Approved Final Plans shall be maintained on file with Lessor. Lessee shall not make material changes to the Approved Final Plans without the prior written approval of Lessor at its sole discretion. For purposes of this Section 3.2, a "material change" shall mean any change that requires the approval of the Limited Partner or senior lender, any change to the exterior appearance of the Improvements, and any change described in Section 3.1 (g).

Section 3.3 No Liens. Lessee shall not have any right, authority or power to bind Lessor, Lessor's fee interest in the Property, or any other interest of Lessor in the Leased Premises, for any claim for labor or material or for any other charge or expense, lien or security interest incurred in connection with the development or operation of the Improvements or any change, alteration or addition thereto. Lessee shall promptly pay all sums legally due and

payable by Lessee on account of any labor performed or materials supplied for the Development for which any lien is, or can be legally, asserted against Lessor's Estate and/or Lessee's Estate. In the event any mechanics' or material supplier's lien or stop notice is filed against the Development, Lessee at its expense shall promptly cause such lien or stop notice to be removed by bonding or otherwise, and Lessee shall hold the Lessor harmless from any and all such asserted claims or liens. If Lessee fails to discharge such lien or stop notice within twenty (20) days after such lien or stop notice is filed, or fails to furnish such security within such time, then, in addition to all other rights or remedies, Lessor may, but shall not be obligated to, discharge the same: (i) by paying the amount claimed to be due; (ii) by procuring the discharge of such lien by deposit in court; (iii) by giving security; or (iv) in such other manner as is, or may be prescribed by law. All expenses incurred by Lessor for any of the aforesaid purposes, including all reasonable attorneys' fees, shall be repaid by Lessee to Lessor on demand with interest thereon at the maximum rate permitted by law from the date of payment, and, if unpaid, may at Lessor's election, be treated as Additional Rent. Lessor shall have the right to post and keep posted on the Leased Premises any notices which the Lessor may deem necessary for the protection of Lessor and Lessor's interest in the Land and reversionary interest in the Improvements from mechanics' liens or other claims.

Section 3.4 Permits, Licenses and Easements. Lessee shall obtain any and all permits, licenses, easements and other authorizations required by any Governmental Authority with respect to any construction or other work to be performed on the Leased Premises or the Improvements. Lessor will cooperate with Lessee in the submittal of applications for all such required permits, licenses, applications for utility services and easements. Lessor will cooperate with Lessee in connection with the obtaining or granting, as applicable, of permits, licenses, easements and other authorizations for electric, telephone, gas, cable television, water, sewer, drainage, access and such other public or private utilities or facilities as may be reasonably necessary or desirable in connection with the development or operation of the Improvements.

Section 3.5 Equal Opportunity. During the construction of the Improvements, Lessee shall: (i) comply with all applicable HUD Requirements, including, but not limited to, Section 3 of the Housing and Urban Development Act of 1968; and (ii) comply with all applicable provisions of the City's Nondiscrimination Clauses in City Contracts Ordinance (RMC Chapter 2.28), including RMC Section 2.28.030, obligating every contractor or subcontractor under a contract or subcontract with City for public work or for goods or for services to refrain from discriminatory employment or subcontracting practices on the basis of race, color, sex, sexual orientation, gender identity, religious creed, national origin, ancestry or disability of any employee, any applicant for employment or any potential subcontractor. Said Section 2.28.030 is by this reference, incorporated into this Lease.

Section 3.6 Construction Contracts.

(a) Lessee shall enter into one or more construction contracts with a reputable prime general contractor (the "**Prime Contractor**") for construction of the Improvements in accordance with the Approved Final Plans and this Lease (collectively, the "**Prime Construction Contract**"). The Prime Construction Contract shall provide for the work to be performed for fixed and specified maximum amounts or allowances, pursuant to the Approved Final Plans and the Approved Financing.

(b) Not later than the applicable date set forth in the Schedule of Performance, Lessee shall submit a copy of the Prime Construction Contract to Lessor's Executive Director, or her designee, for purpose of determining: (a) that the amount of the costs of work has been reasonably estimated and is consistent with the amount set forth in the Approved Financing; (b) that the covenants regarding equal opportunity, prevailing wages, living wages, first source hiring, non-discrimination, and conformity with HQS requirements set forth in this Lease are included as requirements in the Prime Construction Contract, (c) that the release of any retainage shall be contingent upon Lessor's confirmation that all HQS requirements have been satisfied, and (d) that no changes to the provisions of the Prime Construction Contract relating to covenants regarding equal opportunity, prevailing wages, living wages, first source hiring, nondiscrimination, conformity with HQS requirements, or the aspects of the scope of work described in Section 3.1(g) shall be made without the prior consent of Lessor's Executive Director, or her designee. A representative of Lessor shall be permitted to attend draw meetings with the Prime Contractor. Unless the Lessor Executive Director or her designee notifies Lessee in writing within ten (10) days of submitting the Prime Construction Contract that the Prime Construction Contract has been disapproved, it shall be deemed approved.

(c) Lessee shall enter into the Prime Construction Contract and any other contracts as may be necessary and appropriate for development of the Development only with licensed contractors having the reputation, experience, skill, and financial capability and qualification for serving as a contractor on first-class construction projects of similar magnitude in Northern California.

(d) The Parties agree that notwithstanding the time requirements set forth in this Section 3.6 for submission to Lessor by Lessee of the proposed Prime Construction Contract and review and approval of the Prime Construction Contract by Lessor, Lessee is responsible for assuring that the Prime Construction Contract in approvable form is submitted to Lessor in a timely manner such that Lessor may have the time permitted by this Section 3.6 to review and approve the Prime Construction Contract not later than the applicable date set forth in the Schedule of Performance. Lessor's consent to the recordation of the Memorandum of Lease shall serve as evidence that Lessor has approved the Prime Construction Contract.

Section 3.7 Certificate of Completion.

(a) Purpose of Certificate. Upon Lessee's request, promptly after completion of the construction of the Improvements as evidenced by the City Building Department sign off following its final inspection of the Development, Lessor shall deliver the Certificate of Completion substantially in the form attached hereto as Exhibit L. The Certificate of Completion shall constitute a conclusive determination that the covenants in this Lease solely with respect to the obligations of Lessee to timely construct the Improvements (including the dates for the beginning and completing construction of the Improvements) have been met. The Certificate of Completion is not a certificate of occupancy, and shall not constitute evidence of compliance with, or satisfaction of any obligation of Lessee to any holder of a deed of trust securing money loaned to finance the Improvements or any part thereof, and shall not be deemed a notice of completion under

the California Civil Code. In addition, the Certificate of Completion shall not constitute evidence of compliance with any of the requirements regarding the payment of prevailing wages as set forth in this Lease, or Lessee's compliance with any applicable Legal Requirement, and in no way shall limit Lessee's indemnification obligations set forth in this Lease.

(b) Process for Delivery of Certificate. Lessor shall issue the Certificate of Completion within ten (10) days after the delivery by Lessee to Lessor of a written request for the issuance of the Certificate of Completion, which request shall include a copy of the City Building Department sign off following the final inspection of the Improvements. In the event Lessor fails to issue the Certificate of Completion within such period, or fails to deliver, within such time period, a written notice to Lessee setting forth, in reasonable detail, the reasons Lessor disputes the documentation delivered by Lessee, then the Certificate of Completion shall be deemed denied by Lessor.

ARTICLE 4. PREDEVELOPMENT COSTS; APPROVED FINANCING; DEVELOPER FEE

Section 4.1 Predevelopment Costs. Except pursuant to Lessor's written agreement exercised in Lessor's sole discretion, all predevelopment costs, including without limitation, all environmental and other due diligence costs, and legal fees and costs relating to the Development will be payable by Lessee. In addition, at Closing, Lessor and City shall be reimbursed the total amount incurred by Lessor and City for legal and consulting fees and other eligible predevelopment expenses agreed to by the Parties. Closing costs, including the cost of Lessee's owner's policy of title insurance, and, if applicable, Lessor's lenders' policy of title insurance, transfer taxes, escrow charges and recording fees shall be paid by Lessee at Closing.

Section 4.2 Approved Financing. Lessee agrees to solicit proposals from multiple lenders and tax credit investors to obtain the most competitive pricing, terms and conditions for the Development financing. Lessee shall provide copies of all solicitation documents and a list of lenders and tax credit investors who will receive the request for proposals to Lessor and Lessor's financial advisor for review and comment at least five (5) business days prior to issuing the request for proposals. In addition, Lessee shall provide Lessor and its financial advisor copies of all proposals received by any lenders and tax credit investors, together with Lessee's analysis of such proposals, for Lessor's and its financial advisor's review and comment at least three (3) business days prior to accepting any proposal. Notwithstanding anything to the contrary set forth herein, Lessee shall have the right to accept or reject any lender or tax credit investor proposal in its sole discretion. The Parties acknowledge that Lessee has satisfied the conditions of this Section 4.2, that Lessor has approved the loans described as Approved Financing in Exhibit H, and Lessor has approved [REDACTED] as the Limited Partner and tax credit investor.

Section 4.3 Modifications to Approved Financing. Prior to the Commencement Date, Lessee shall provide Lessor and its financial advisor with updated financial projections and financing plan, reflecting any and all changes from prior versions submitted to Lessor. Lessor and Lessee shall mutually approve any changes in the financing plan prior to the Commencement Date. In the event a funding gap occurs prior to the Commencement Date as a result of

Development cost increases, Lessor and Lessee shall meet and confer to determine a plan for obtaining additional financing.

Section 4.4 Developer Fee. Notwithstanding any contrary provision of the Master Development Agreement, subject to limitations imposed by any Approved Lender, EAH shall be permitted to receive a developer fee in the amount permitted by TCAC for the Development), of which the amount exceeding Two Million, Five Hundred Thousand Dollars (\$2,500,000) or such greater amount that CTCAC permits to be paid upfront using construction sources (the “**Cash Developer Fee**”) shall be deferred. Any deferred portion of the developer fee shall not bear interest, and any portion of the developer fee exceeding the Cash Developer Fee amount shall be payable only from Lessee’s share of residual receipts unless definitive Project financial projections clearly demonstrate that an adjustment is necessary (e.g. to satisfy the “true debt” test for federal income tax purposes). Any portion of the Cash Developer Fee that is not paid from construction financing sources may be paid prior to the calculation of residual receipts.

ARTICLE 5. OWNERSHIP AND OPERATIONS OF IMPROVEMENTS

Section 5.1 During the Term. Commencing on the Closing Date, Lessor shall grant to Lessee, without warranty express or implied, any right, title, or interest that Lessor has or may have in the Improvements now or hereafter located on the Leased Premises, which Improvements are and shall at all times during the Term be deemed real property. Notwithstanding any provision in this Lease to the contrary, the fee title to the Improvements and all alterations, additions, equipment and fixtures built, made or installed by Lessee in, on, under or to the Leased Premises or Improvements shall be vested in and be the sole property of Lessee from the Closing Date until the expiration of the Term or other termination of this Lease; provided, however, that Lessee shall have no right to destroy, demolish or remove the Improvements except as specifically provided for in the Approved Final Plans or as approved in writing by Lessor. It is the intent of the Parties that this Lease shall create a constructive notice of severance of the Improvements from the Leased Premises without the necessity of a deed from Lessor.

Section 5.2 After the Term. Upon the expiration of the Term or other termination of the Lease, the Improvements and all alterations, additions, equipment and fixtures shall be deemed to be, and shall automatically become, the property of Lessor, without cost or charge to Lessor. Lessor agrees that Lessee, at any time prior to the sixtieth (60th) day after the expiration or other termination of this Lease, may remove from the Leased Premises any and all equipment which Lessee has furnished for maintenance purposes or for the use of the Management Agent, provided that Lessee shall repair any physical damage to the Leased Premises caused by the removal of such equipment and property. At the end of the Term or earlier termination of the Lease, Lessee agrees to execute and deliver to Lessor a quitclaim deed of the Improvements for the benefit of Lessor and all other documents that may be reasonably required by Lessor or Lessor's title company to clear from Lessor’s title to the Leased Premises and the Improvements all monetary liens and monetary encumbrances not caused or agreed to by Lessor.

Section 5.3 Benefits of Improvements During Term. Lessor acknowledges and agrees that any and all depreciation, amortization, tax credits and other tax benefits for federal or state

tax purposes relating to the Improvements and any and all additions thereto, substitutions therefor, fixtures therein and other property relating thereto shall be deducted or credited exclusively to Lessee during the Term and for the tax years during which the Term begins and ends.

Section 5.4 Reserved.

Section 5.5 Marketing of Units. Except as otherwise set forth in Section 5.6 below, Lessee shall market all Units and select Tenants for ongoing renting of the Units in compliance with the income and rent restrictions set forth in Section 2.4(f) of this Lease. Lessee acknowledges that Lessor may maintain a waiting list and may refer potential tenants from that list to Lessee pursuant to a plan mutually developed by, and acceptable to, Lessor and Lessee, as may be amended during the Term by mutual written agreement of Lessor and Lessee (the “**Resident Selection Plan**”). Subject to the requirements of applicable law and funding programs applicable to the Development, the Resident Selection Plan shall provide for first priority to persons who reside or work in the City of Richmond, provided in each case that such prospective tenants meet the income and, if applicable, age or other restrictions applicable to the Development. A copy of the form Resident Selection Plan, the terms of which are incorporated herein, is attached hereto as Exhibit F. An amendment to the Resident Selection Plan, if any, shall not be an amendment to this Lease. In the event that Lessor fails to refer potential tenants to Lessee pursuant to the Resident Selection Plan for a vacant Unit, then Lessee may lease such vacant Unit to any income-eligible household selected by the Lessee; provided that such household is also an eligible household under the HUD Requirements and the income and age or other restrictions applicable to the Development, and provided that Lessee complies with the priorities set forth in this Section, subject to the requirements of applicable law and funding programs applicable to the Development. Lessee has final decision-making authority regarding Tenant selection, but such selections must be in accordance with the Resident Selection Plan and this Section 5.5, including but not limited to any applicable appeal process provided in the Resident Selection Plan.

No later than six (6) months before the completion of the construction of the Improvements, Lessee must complete the form Resident Selection Plan establishing the Tenant selection criteria and procedure that will apply specifically to the Development, and deliver said completed form to the Lessor for review and approval. The completed submission shall, at a minimum, be developed pursuant to, and in conformance with, the form Resident Selection Plan and this Section 5.5.

Section 5.6 Leasing of Units; Tenant Protections for all Units; Additional Requirements.

(a) Leasing of Units; Tenant Protections for all Units. Upon the Closing Date, Lessee shall at all times during the Term use or cause the Units to be operated and maintained in accordance with Section 2.4. For all Units, for so long as the HUD Documents are in effect, Lessee shall comply with the Tenant protection requirements set forth below and in the HUD Requirements, including but not limited to the following:

(1) Lessee shall renew all Tenant Leases upon lease expiration, unless good cause for refusing renewal exists. This provision must be incorporated into each Tenant Lease;

(2) Lessee shall comply with any additional requirements regarding notice of termination of a Tenant Lease and regarding grievance process hearings, as may be further set forth in a Tenant Lease rider to be provided by HUD prior to, or in conjunction with, the Closing.

(3) Lessee shall comply with all TCAC Requirements as well as all federal laws, rules and regulations for units benefitting from federal low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended.

Section 5.7 Property Management.

(a) Approval of Initial Management Agent. Lessor has approved of the initial Management Agent. During the Term, Lessee's selection of any other management agent, and the terms of any new management agreement or management plan, will be subject to Lessor's and HUD's (if required pursuant to the HUD Requirements) review and approval.

(b) Management Agent Fees. During the Term, property management fees will not exceed industry norms for comparable services involving subsidized properties in the San Francisco Bay Area market and (if applicable) HUD Requirements. Lessor and Lessee acknowledge that the initial management fees satisfy such standards. The Management Agent will be subject to removal based upon reasonable performance-based standards. Such standards shall be consistent with industry norms and any applicable HUD Requirements. Lessor and Lessee acknowledge that the initial management agreement with the Management Agent satisfies such standards. Notwithstanding anything herein to the contrary, all property management fees set forth in the management agreement approved by Lessor, and any changes thereto shall be subject to Lessor's prior review and approval which shall not be unreasonably conditioned, withheld, or delayed.

(c) Process for Lessor Approval of New Management Agent. In the event Lessee desires to retain any replacement management agent, then Lessee shall submit for Lessor's approval the identity of any replacement management agent. Lessee shall also submit such additional information about the background, experience and financial condition of any proposed management agent as is reasonably necessary for Lessor to determine whether the proposed management agent meets the standard for a qualified management agent set forth in this Lease. If the proposed management agent meets the standard for a qualified management agent set forth above and has at least five (5) years' of successful experience managing affordable multi-family developments financed with low-income housing tax credits, then, subject to any approval required by HUD, Lessor shall approve the proposed management agent by notifying Lessee in writing. Unless the proposed management agent is disapproved by Lessor within thirty (30) days, which

disapproval shall state with reasonable specificity the basis for disapproval, or is otherwise disapproved by HUD, it shall be deemed approved by Lessor. If the proposed management agent is disapproved by Lessor for failing to meet the standard for a qualified management agent or requirements set forth above, Lessee shall submit for Lessor's approval a new proposed management agent within thirty (30) days following Lessor's disapproval. Lessee shall continue to submit proposed management agents for Lessor approval until the Lessor (and, to the extent applicable, HUD) approves a proposed management agent. Lessor acknowledges that the Limited Partner has the right under the Partnership Agreement to direct the General Partner to remove the management agent. Lessee agrees to give Lessor notice of the proposed replacement management agent, and Lessor agrees that it will not unreasonably withhold consent to same if the replacement management agent has the qualifications set forth in this Section and is acceptable to Limited Partner and, if applicable, HUD.

(d) Periodic Performance Review. Lessor reserves the right to conduct an annual (or more frequent, if deemed reasonably necessary by Lessor) review of the management practices and financial status of the Development (including, but not limited to, a review of Management Agent's performance) with reasonable notice. The purpose of each periodic review will be to enable Lessor to determine if the Development is being operated and managed in accordance with the requirements and standards of this Lease. Lessee shall cooperate with Lessor in such reviews.

(e) Replacement of Management Agent. If, as a result of a periodic review, Lessor determines, in its reasonable judgment, that: (i) the Management Agent has materially failed to operate the Development in accordance with the HUD Requirements, or (ii) the Development is not being operated and managed in accordance with any of the other material requirements and standards of this Lease as a result of acts or omissions of Management Agent (each, a “**Material Management Violation**”), Lessor shall deliver notice to Lessee and the Limited Partner of its intention to cause replacement of Management Agent, including the reasons therefor specified in reasonable detail. After receipt by Lessee of such written notice, Lessor and Lessee shall meet in good faith to consider methods for remedying the Material Management Violation. If after a reasonable period not to exceed thirty (30) days from the date of Lessor's initial notice, Lessor determines that Lessee and Management Agent have not remedied the Material Management Violation, then subject to any required approval of the Limited Partner and Leasehold Mortgagees, Lessor may require replacement of Management Agent. If, after the above procedure, Lessor delivers a written notice to Lessee and the Limited Partner requiring the replacement of Management Agent, then subject to applicable notice and cure provisions provided in the Management Agreement, Lessee shall promptly dismiss Management Agent and shall appoint as the replacement management agent a Person meeting the standards and requirements for a management agent set forth above and approved by Lessor and HUD (if required pursuant to the HUD Requirements) in accordance with this Lease. To the extent applicable, such replacement management agent shall also be subject to approval by Leasehold Mortgagees and the Limited Partner, and Lessor shall cooperate with such entities in connection with the selection of a new management agent. Lessee's failure to remove the Management Agent in accordance with the provisions of this Section shall constitute an Event of Default by Lessee under this

Lease. Notwithstanding the foregoing, Lessor shall have no direct, or indirect, responsibility over management of the Development.

(f) Property Management Agreement. Any contract for the operation or management of the Development entered into by Lessee shall provide that such contract can be terminated as set forth above. Lessee shall not rely on Lessor's approval (if any) of such contract as a representation regarding the enforceability or business advantage of such contract(s). Lessor approval shall merely constitute satisfaction of the condition set forth in this Section.

Section 5.8 Annual Operating Budget; Monitoring Fee. The initial approved annual operating budget for the Development (“**Annual Operating Budget**”) is attached hereto as Exhibit G. By not later than sixty (60) days prior to the beginning of each fiscal year of Lessee during the Term, Lessee shall provide a proposed Annual Operating Budget that includes, without limitation, projected revenue, expenses, debt service, and reserve deposits and withdrawals, to Lessor for Lessor’s review and approval. Lessee may not make material changes to the Annual Operating Budget without the Lessor's prior written approval, which shall not be unreasonably conditioned, withheld or delayed. For the purpose of this Section 5.8, a “material change” shall mean a change in any particular line item exceeding 10% in value, and aggregate changes to the budget equaling 10% or more of the total annual budget. Each year during the Term, by not later than the date that Lessee is obligated to submit the Annual Operating Budget, Lessee shall pay to Lessor a fee in the amount of Fifteen Thousand Dollars (\$15,000), increasing at the rate of three percent (3%) per year (“**Monitoring Fee**”), to defray Lessor’s costs to review the Annual Operating Budget, Lessee’s calculation of Lessee’s Base Rent payment obligation under this Lease, and Lessee’s compliance with the occupancy, affordability, and other restrictions set forth in the Authority Documents.

Section 5.9 Reserve Requirements. Lessee shall establish and maintain such reserve(s), and shall utilize such reserve(s), in accordance with the Partnership Agreement and this Lease, subject to any applicable HUD Requirements, TCAC Requirements, and requirements of Approved Financing. Any withdrawals from the operating and replacement reserves for the Development shall be in accordance with the requirements of the Approved Financing and shall require Lessor's prior written approval, which shall not be unreasonably withheld or delayed; provided, however, that Lessor’s approval shall not be required for replacement reserve withdrawals (i) equal to or less than \$5,000 individually or \$25,000 in the aggregate per annum, (ii) identified as line-item withdrawals in the Annual Operating Budget approved by Lessor, or (iii) necessary to pay for required emergency repairs; provided, however, the total aggregate amount of replacement reserve withdrawals per annum that may be used for emergency repairs without Lessor consent shall not exceed \$25,000. Lessor shall approve or disapprove of any request for a withdrawal from a reserve within three (3) business days.

Notwithstanding any contrary provision of this Lease or the Partnership Agreement: (i) annual deposits to the replacement reserve shall be equal to at least \$500 per unit, (ii) for the purpose of determining Lessee’s Base Rent payment obligations under this Lease, the Project operating expense and debt service reserve may be replenished to equal an amount not to exceed three (3) months’ projected operating expenses and debt service, (iii) there shall be no capitalized replacement, operating expense or debt service reserve, lease-up or transition reserve, and (iv)

absent Lessor's prior written consent, the balance in the replacement reserve, the operating reserves, and all other reserves established for the Development shall remain with the Development upon any Transfer, sale, assignment, conveyance, or other transfer of the Development, this Lease, or any ownership interest in Lessee.

Section 5.10 Reserved.

ARTICLE 6. RENTS; PAYMENTS

Section 6.1 Base Rent. Lessee shall pay annual rent ("**Base Rent**") to Lessor in the amount equal to the greater of One Dollar (\$1) per year or the amount set forth in this Section commencing upon the Commencement Date and on January 1 of each succeeding Lease Year until the expiration of the Term or the termination of this Lease. Commencing upon completion of Project construction as evidenced by the City's issuance of a final certificate of occupancy or equivalent for the Project, the amount of annual Base Rent payable hereunder shall be the amount equal to Lessor's share of Residual Receipts as determined pursuant to the terms set forth in subsections 6.1.1, 6.1.2 and 6.1.3; provided however, the aggregate Base Rent payable pursuant to this Lease shall not exceed the sum equal to [_____ Dollars (\$_____) increased by ____%] per year for each year during the Term, commencing on the Commencement Date (the "**Rent Cap**"). Once the aggregate Base Rent paid by Lessee during the Term equals the Rent Cap, no additional Base Rent will be payable hereunder; provided however, Lessee shall remain obligated to pay all Additional Rent, including without limitation, all Impositions, throughout the Term. The aggregate Base Rent payable pursuant to this Section shall be established by an appraisal of the value of the Land as of the Commencement Date.

6.1.1 Annual Payments from Residual Receipts. Annual payments of Base Rent shall be due and payable in the amount equal to [_____ Dollars (\$____)] which is equal to ten percent (10%) of the appraised value of the Property determined as of the Commencement Date. Fifty percent (50%) of Project annual residual receipts shall be paid toward Base Rent during each Lease Year; provided however, such percentage share may be reduced on a pro rata basis if other public agencies provide Project financing payable on a residual receipts basis. Any unpaid portion of Base Rent payable shall accrue, and shall bear interest at [_____ percent (____%)] per annum which is the Applicable Federal Rate in effect as of the Commencement Date.

6.1.2 Treatment of Certain Expenses for Calculation of Residual Receipts. For the purpose of calculating residual receipts, the following expenses are subject to the following limitations: (i) the annual partnership management fee payable prior to the calculation of residual receipts shall be limited to Twenty-Five Thousand Dollars (\$25,000), increasing at three percent (3%) per year, (ii) the cash portion of the developer fee shall be limited to Two Million, Five Hundred Thousand Dollars (\$2,500,000) or such greater amount that CTCAC permits to be paid as an upfront developer fee paid from construction sources, (iii) any deferred portion of the developer fee shall be payable only from Lessee's share of residual receipts except as provided in Section 4.4, (iv) the property management fee payable prior to the calculation of residual receipts shall be capped at \$531 per unit per year increasing at the CPI for All Urban Consumers ("CPI-U") for the San Francisco Area commencing in 2021, (v) the annual asset management fee

payable to the Investor Limited Partner prior to the calculation of residual receipts shall be limited to Seven Thousand Five Hundred Dollars (\$7,500), increasing at three percent (3%) per year, shall be payable only during the Fifteen Year Compliance Period, and any accrued but unpaid portion of the asset management fee shall be payable only from Lessee's share of residual receipts, (vi) replacement reserve deposits made prior to the calculation of residual receipts shall be limited to \$500 per unit per year, and (vii) operating/debt service reserve deposits made prior to the calculation of residual receipts shall be limited to the amount necessary to replenish such reserve to the amount equal to three (3) months' anticipated operating expenses and debt service.

The following expenses will be payable from Lessee's share of residual receipts: (i) any incentive management fee, (ii) any amount in excess of the permitted partnership management fee, asset management fee, or property management fee, including any unpaid and accrued portion of such fees, (iii) deferred developer fees and interest on any deferred developer fee (except as provided in Section 4.4), (iv) contributions to reserve accounts in excess of the amounts specified in this Lease, (v) expenses paid with withdrawals from reserve accounts, (vi) distributions to partners, (vii) debt service or repayment of sponsor or general partner construction loans, and (viii) depreciation, amortization, depletion, and other non-cash expenses.

In the event of any inconsistency between the Partnership Agreement, the LDDA, and this Lease with respect to the payment of Base Rent, including without limitation, provisions pertaining to the calculation of residual receipts or distribution of Project net cash flow, this Lease shall control.

6.1.3 Refinancing/Resyndication. Fifty percent (50%) of Net Proceeds of Project refinancing or resyndication shall be used to make a payment toward any accrued and unpaid Base Rent in accordance with this paragraph and any additional provisions set forth in the this Lease. For purposes of this paragraph "**Net Proceeds**" means all proceeds of refinancing or resyndication less: (a) the amount used to repay the refinanced debt, (b) the reasonable out-of-pocket expenses Lessee is required to pay to third parties in connection with the refinancing or resyndication, (c) the reasonable costs paid by Lessee to rehabilitate, construct and install capital improvements to the Project as approved by Lessor's advance written consent (including without limitation reasonable architects' and engineers' fees incurred in connection with such capital improvements), (d) any reasonable increase in Project reserves that Lessee is required to fund as a condition to such refinancing or resyndication, provided that Lessee actually funds such reserves and such reserves are held for Lessee's benefit by a third-party financial institution, (e) if applicable, the reasonable amount required to be paid to purchase the Investor Limited Partner's interest in Lessee provided that such amount does not exceed the fair market value of such interest as reasonably and customarily determined for such interests in partnerships that own and operate affordable housing developments financed with low-income housing tax credits and located in the greater San Francisco Bay Area, and (f) payment for such other purposes as Lessor may approve in writing in the exercise of Lessor's sole discretion. If other public agency lenders require payment of Net Proceeds, then Net Proceeds shall be allocated among Lessor and such lenders pro rata in proportion to each lender's financial contribution to the Project.

Section 6.2 Additional Rent. In addition to the Base Rent specified in Section 6.1, any and all of the payments that Lessee is required to make hereunder to or for the benefit of Lessor

shall be deemed to be “**Additional Rent.**” All such Additional Rent shall be payable in accordance with the provisions of this Lease pertaining to such Additional Rent.

Section 6.3 Payments. All Base Rent and other sums, if any, due Lessor hereunder shall be paid by Lessee to Lessor at the address of Lessor set forth hereinafter for notices, or to such other person and/or at such other address as Lessor may direct by written notice to Lessee, without notice or demand, and without abatement, deduction or set off.

Section 6.4 Audit; Inspection of Books and Records. By not later than 120 days after the end of each fiscal year of Lessee, Lessee shall deliver to Lessor financial statements for the prior fiscal year, including without limitation, an income and expense statement for the Development and an accounting of deposits to and withdrawals from the Development reserves, accompanied by an independent audit prepared by a certified public accountant in accordance with generally accepted accounting principles. Lessor shall have the right to inspect and audit Borrower's books and records concerning the Development.

ARTICLE 7. TAXES AND OTHER IMPOSITIONS; UTILITIES

Section 7.1 Payment of Impositions; Possessory Interest Tax. Lessee shall pay all Impositions prior to delinquency, including without limitation, all applicable possessory interest taxes; provided that if installment payments are permitted by law for any Imposition, Lessee may pay or cause to be paid such installments prior to the applicable delinquency date. Upon Lessor's written request, Lessee shall deliver to Lessor evidence satisfactory to Lessor of payment of all Impositions. During the first and last years of the Term, all Impositions that become payable during such year shall be ratably adjusted between Lessor and Lessee on a per diem basis in accordance with the respective portions of the applicable calendar year or assessment period.

Section 7.2 Contested Taxes and Other Impositions.

(a) Lessee, at its sole cost and expense, in its own name or in the name of Lessor, may contest the validity or amount of any Imposition relating to all or any portion of the Leased Premises or the Improvements, in which event the payment thereof may be deferred during the pendency of such contest, if diligently prosecuted.

(b) As may be necessary or desirable, Lessor or Lessee, as applicable, upon the request of the other party, shall use reasonable efforts to assist in any such proceeding to contest the validity or amount of any Imposition.

(c) Nothing contained in this Section 7.2 shall be construed to allow any contested Imposition to remain unpaid for such time that will permit the Leased Premises or the Improvements, or any part thereof, to be sold by any Governmental Authorities for the non-payment of such Imposition. Lessee shall promptly furnish Lessor copies of all notices, appeals, pleadings, motions and orders in any proceedings commenced with respect to any contested Imposition. During such contest, Lessee shall (by the payment of such disputed taxes, assessments, or charges, if necessary) prevent any advertisement of

tax sale, any foreclosure of, or any divesting thereby of any interest of Lessor or Lessee in the Leased Premises or the Improvements.

Section 7.3 Valuation Assessment; Property Tax Exemption. If applicable, Lessee, at its expense, may submit applications for reduction to the assessed valuation of the Leased Premises or the Improvements for any year for the purpose of reducing taxes thereon. Lessee shall be permitted to apply for and utilize any applicable exemption from property taxes applicable to the Leased Premises or the Improvements.

Section 7.4 Failure to Pay Impositions. If Lessee fails to pay any Impositions before the same become delinquent, or as otherwise required pursuant to Section 7.2 hereof, Lessor, at its election, may pay such Impositions (but shall not be obligated to pay same), together with any interest and penalties due thereon, and the amount so paid by Lessor shall be repayable to Lessor by Lessee as Additional Rent within thirty (30) days after written notice given by Lessor to Lessee.

Section 7.5 Utilities. Lessee shall pay or cause to be paid all charges for all utilities used, rendered or supplied upon or in connection with the Leased Premises or the Improvements and the development and operation thereof, including, but not limited to, all charges for gas, electricity, light, heat or power, all telephone, wireless and other communications services, all water rents and sewer service charges, all recycling and composting charges, and all solid waste fees or charges levied or charged against the Leased Premises or the Improvements during the Term; including utilities supplied directly to Tenants for use in connection with the occupancy of their respective residential units. Lessor shall have no responsibility for the payment of utility costs.

ARTICLE 8. INSURANCE

Section 8.1 Lessee's Insurance. Throughout the Term, Lessee shall keep and maintain in force, at no cost or expense to Lessor, the following insurance:

(a) Leased Premises Insurance. Property insurance covering all risks of physical loss or damage to the Leased Premises and the Improvements, with limits of not less than 100% of the **“full replacement value”** thereof. Such policies shall be provided with the perils insured under the standard “Causes of Loss--Special Form”(the **“Special Form”**) and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and windstorm. Perils customarily excluded from the Special Form, e.g., earthquake and flood, may be excluded. The amount of such insurance shall be adjusted by reappraisal of the Development by the insurer or its designee not more than once every five (5) years following completion of construction of the Improvements, if requested in writing by Lessor. Lessee’s property insurance shall be endorsed to provide coverage to Lessor as lender’s loss payee as its interests may appear.

(b) General Liability Insurance. Commercial general liability and automobile liability insurance, covering loss or damage resulting from accidents or occurrences in, on, about, or in connection with the Leased Premises or the Improvements

or any work, matters or operations under, or in connection with, or related to this Lease, with bodily injury, death and property damage combined single limit liability of not less than Five Million Dollars (\$5,000,000) per occurrence and Ten Million Dollars (10,000,000) annual aggregate, for general liability, and Five Million Dollars (\$5,000,000) combined single limit including coverage for owned, hired, and non-owned and any other vehicle used in connection with the development, operation, or management of the Improvements for automobile liability. Coverage under such policies shall be written on an occurrence basis, shall name the Indemnitees as additional insureds, and shall include, but shall not be limited to, coverage for bodily injury, property damage, products, completed operations and contractual liability, and shall not exclude coverage for XCU perils (explosions, collapse, or damage to underground property).

(c) Workers' Compensation Insurance. Lessee shall carry or cause to be carried Workers' Compensation insurance with limits as required by the State of California and Employer's Liability insurance with limits of Three Million Dollars (\$3,000,000) per accident per person for bodily injury or disease.

(d) Builders' Risk Insurance. During the course of the construction of the Improvements, or any Alterations or Major Alterations, Lessee shall provide builders' risk insurance for not less than the value of the construction contract, insuring the interests of Lessor, Lessee and any contractors and subcontractors. Coverage shall be for the same perils required in subsection (a) above. Lessor shall be named as Loss Payee as its interests may appear.

(e) Professional Liability/Errors and Omissions. Lessee shall require the Project architect, engineer, and general contractor to maintain Professional Liability/Errors and Omissions (“**E&O**”) insurance with limits not less than Two Million Dollars (\$2,000,000) each claim. Lessor’s Risk Manager may approve lower limits for specialty engineering firms and other professionals that will provide a limited scope of services for the Project. Certificates evidencing this coverage must reference both the Lessee and the Indemnitees. If the professional liability/errors and omissions insurance is written on a claims made form: (i) the retroactive date must be shown and must be before the Effective Date, (ii) insurance must be maintained and evidence of insurance must be provided for at least three (3) years after completion of Project construction, and (iii) if coverage is cancelled or non-renewed and not replaced with another claims made policy form with a retroactive date prior to the Effective Date, Lessee must purchase, or require the provision of, extended period coverage for a minimum of three (3) years after completion of construction.

(f) Pollution Legal Liability Insurance. Lessee shall require the contractor to carry pollution liability insurance to provide third-party coverage for bodily injury, property damage, cleanup, and related defense costs with limits no less than \$2,000,000 per occurrence or claim and \$4,000,000 policy aggregate. If the policy provides coverage on a claims made basis, the retroactive date must be shown and must be before the date of the Agreement or the beginning of the contract work.

Section 8.2 General Requirements. All policies described in Section 8.1 above shall include Lessee as named insured, and shall name the Indemnitees as additional insureds. All policies described in Section 8.1 above shall contain: (a) the agreement of the insurer to notify Lessor of any material change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of such material change, cancellation, termination or nonrenewal; (b) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Lessor or any Indemnitee; (c) a provision that no act or omission of Lessee shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; and (d) a waiver by the insurer of all rights of subrogation against the Indemnitees in connection with any loss or damage thereby insured against.

Section 8.3 Adjustments. The limits of the liability coverage and, if necessary, the terms and conditions of insurance, shall be reasonably adjusted from time to time (not more than once in every five (5) year period following completion of construction of the Improvements) to address changes in circumstances, including, but not limited to, changes in inflation and the litigation climate in California, provided that such adjustments are consistent with generally prevailing requirements for residential multi-family developments similar to the Development and located in the Alameda-Contra Costa County area. Within thirty (30) days following Lessor's delivery of written notice of any such adjustments, Lessee shall provide Lessor with amended or new insurance certificates and endorsements evidencing compliance with such adjustments. Notwithstanding the foregoing, Lessee shall not be required to provide such adjusted coverage unless approved by the Limited Partner and by all holders of Approved Financing if such consent is required.

Section 8.4 Additional Insured Coverage; Liability Limits. For all liability insurance required by this Lease, except E&O and Workers' Compensation policies, Lessee (and Lessee's contractors, as applicable) shall obtain endorsements that name the Indemnitees as additional insured in the full amount of all applicable policies, notwithstanding any lesser minimum limits specified in this Lease. The additional insured endorsements for the general liability coverage shall provide coverage at least as broad as Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 10 11 85, or if used together, at least as broad as CG 2010 10 01 and CG 2037 10 01; but shall not be provided using the following forms: CG 20 10 10 93 or 03 94. This Lease requires Lessee (and Lessee's contractors) to obtain and provide for the benefit of the Indemnitees, additional insured coverage, as applicable, in the same amount of insurance carried by Lessee (or Lessee's contractors, as applicable), but in no event less than the minimum amounts specified in this Lease. In the event that Lessee (or Lessee's contractors as applicable) obtains insurance policies that provide liability coverage in excess of the amounts specified in this Lease, the actual limits provided by such policies shall be deemed to be the amounts required under this Lease. Without limiting the foregoing, the limits of liability coverage specified in this Lease are not intended, nor shall they operate, to limit Lessor's or the Indemnitees' ability to recover amounts in excess of the minimum amounts specified in this Lease.

Section 8.5 Evidence of Insurance. Proposed certificates of insurance and endorsements for all insurance required to be maintained by Lessee under this Article 8 shall be furnished by Lessee to Lessor not less than twenty (20) days prior to the Commencement Date to enable Lessor to review and approve the same. Lessee shall provide final certificates and

endorsements for all required insurance policies prior to the Commencement Date. Upon Lessor's request, Lessee shall, within thirty (30) days of the request, provide or arrange for the insurer to provide to Lessor, complete certified copies of all insurance policies required under this Agreement. Lessor's failure to make such request shall not constitute a waiver of the right to require delivery of the policies in the future, and Lessor reserves the right to require complete, certified copies of all required insurance policies, including endorsements demonstrating the coverage required by this Lease at any time.

Section 8.6 Failure to Maintain. If Lessee fails to maintain any insurance required under this Lease, Lessor, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Lessee agrees to repay to Lessor as Additional Rent the cost of such insurance.

Section 8.7 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, and must be with insurers admitted in the State of California.

Section 8.8 Payment and Performance Bonds. Prior to the Commencement Date, Lessee shall provide evidence that its contractor has obtained payment and performance bonds naming Lessor as co-obligee and meeting the requirements set forth in Section 9.2(b)(2) below.

ARTICLE 9. MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS

Section 9.1 Maintenance of Leased Premises. During the Term, at Lessee's sole cost and expense, Lessee shall keep and maintain the Leased Premises, the Improvements and all appurtenances thereto, and all adjacent sidewalks, entrances, walkways, and driveways to the Leased Premises and the Improvements, in good and safe order, condition and repair. All such maintenance and repair shall conform to and comply with all applicable Legal Requirements, as any of such requirements may otherwise be amended from time to time.

Section 9.2 Alterations to Leased Premises.

(a) Following construction of the Improvements, Lessee may make any additions, alterations or changes ("**Alterations**") in or to the Improvements without Lessor's consent subject, however, to the following conditions:

(1) No Alterations shall be made that are likely to impair the structural soundness of the Improvements;

(2) No Alterations shall be undertaken that are prohibited by, or would cause the Leased Premises, the Improvements, Lessee or Lessor to be in breach or violation of Section 5.4 of this Lease or any Legal Requirements;

(3) No Alterations shall be undertaken until Lessee shall have procured all permits and authorizations of all applicable Governmental Authorities and all required consents of any Leasehold Mortgagee and the Limited Partner, and the consent of Lessor if required pursuant to subsection (b) below. If requested by Lessee, Lessor shall join in the application for such

permits or authorizations, and shall use reasonable efforts to assist Lessee to obtain such permits or authorizations;

(4) All Alterations shall be performed in good and workman-like manner and in compliance with Sections 3.1, 3.3 and 3.5 of this Lease, all applicable Legal Requirements and all applicable Insurance Requirements.

(5) Major Alterations. In addition to the requirements set forth above, once construction of the Development is completed, Lessee shall not make any Alteration to the Leased Premises or the Improvements that (i) has a cost greater than One Hundred Thousand Dollars (\$100,000), (ii) involves the demolition of any portion of the Improvements, (iii) involves a change to the exterior appearance of the Improvements, (iv) involves any change to the Unit count; or (v) involves any material change to common areas or spaces designated for tenant services (each referred to as “**Major Alterations**”), without first presenting to Lessor complete plans and specifications therefor and obtaining Lessor's written consent thereto (which consent shall not unreasonably be conditioned, withheld or delayed). All Major Alterations shall be made only in good and workmanlike manner using new materials of the same quality as the original improvements, and in compliance with Sections 3.1, 3.3 and 3.5 of this Lease, all applicable Legal Requirements, all applicable Insurance Requirements, and all applicable building codes. In addition, prior to commencing construction of any Major Alterations, Lessee shall satisfy all of the following conditions:

(i) Plans and Specifications. Lessee shall submit to Lessor for Lessor's approval plans and specifications for the Major Alterations. Lessor shall approve or disapprove (in Lessor's reasonable discretion) such plans and specifications in writing within sixty (60) days after submission. Any disapproval shall state with specificity the reasons for such disapproval. If rejected by Lessor in whole or in part, Lessee shall submit new or corrected construction plans within thirty (30) days after notification of Lessor's disapproval. Lessor shall then have thirty (30) days to review and approve Lessee's new or corrected construction plans. Lessor's failure to either approve or disapprove the construction plans within such thirty (30) day period shall be deemed denied. The provisions of this Section relating to time periods for approval, rejection, or resubmission of new or corrected construction plans shall continue to apply until construction plans have been approved by Lessor in writing. Only upon approval of the construction plans shall this condition be met. In addition, in the event that prior to, or during the course of, construction, Lessee desires to make any material change in the Major Alterations from the approved plans and specifications, Lessee shall, prior to making such change, submit to Lessor such plans or other information which document the desired change. Lessor shall approve or disapprove such change within thirty (30) days of its submission to Lessor. Any disapproval shall state with reasonable specificity the basis for such disapproval. Unless such change is approved, the previously approved plans and specifications shall remain in

effect. Nothing in this paragraph is intended to modify any approval of construction plans required to be issued by the City.

(ii) Performance and Payment Bonds. Prior to commencing construction of any Major Alterations, Lessee shall obtain and provide to Lessor evidence of payment and performance bonds issued by a reputable insurance company licensed to do business in California, and named in the current list of “Surety Companies Acceptable on Federal Bonds” as published in the Federal Register by the Audit Staff Bureau of Accounts, U.S. Treasury Department, and reasonably acceptable to Lessor, each in a penal sum of not less than one hundred percent (100%) of the scheduled cost of the applicable scope of work. Lessor shall be named as a dual obligee under such bonds. Within ten (10) days after receipt, Lessor shall review and approve or disapprove the bonds, providing the bonds meet the requirements of Lessor as to form, content, and issuer, and shall notify Lessee of any deficiency. If the bonds are not approved, Lessee shall resubmit updated bonds within five (5) days after receipt of notice. The review and submittal periods shall continue to apply until the bonds are approved by Lessor. Only upon final approval shall this condition be met.

(iii) Contractor(s). Any Major Alterations shall be performed by a general contractor (a “**General Contractor**”) reasonably satisfactory to Lessor, having the reputation, experience, financial capability and qualification for serving as general contractor for similar developments in the California. Lessee shall submit for Lessor's approval the identity of any proposed General Contractor and such additional information about the background, experience, and financial condition of any proposed General Contractor as is reasonably necessary for Lessor to determine whether the proposed General Contractor meets the standard for a qualified General Contractor set forth above. If the proposed General Contractor meets such standard, Lessor shall approve or disapprove the proposed General Contractor by notifying Lessee in writing within thirty (30) days of the submission. Any disapproval shall state with reasonable specificity the basis for disapproval

(iv) Construction Contracts. Lessee shall enter into contracts for the construction of the Major Alterations with the General Contractor as set forth above. Those contracts shall provide for the work to be performed for fixed and specified maximum amounts or allowances pursuant to the approved plans and specifications. Within ten (10) days following the issuance of a building permit for construction of any Major Alterations, Lessee shall submit a copy of all construction contracts for such construction to Lessor, for the purpose of determining: (a) that the amount of the costs of work has been clearly fixed and determined and is consistent with Lessee's available funds for such construction; (b) that no changes to the provisions of the contract which, pursuant to this Lease require the approval of Lessor shall be made without the prior consent of Lessor; (c) that the covenants regarding equal opportunity, prevailing wages, living wages, first source hiring, nondiscrimination, and

conformity with HQS requirements set forth in this Lease are included as requirements in the contract and may not be modified without Lessor consent; and (d) that Lessor is named as a specified third-party beneficiary with a direct right of enforcement under such contract. Unless Lessor notifies Lessee in writing within ten (10) days following the submittal of the contract(s) that the contract has been disapproved, it shall be deemed approved. Lessor's approval of the construction contract shall in no way be deemed to constitute approval of, or concurrence with, any other term or condition of the construction contract. Lessor's approval shall merely constitute satisfaction of the conditions set forth in this Section. Lessee shall not rely on Lessor's approval of the construction contract(s) as a representation regarding the enforceability or business advantage of the construction contract(s).

(v) Building Permit. Lessee shall deliver a copy of the building permit issued by the City for the Major Alterations.

Section 9.3 Indemnification. Notwithstanding any other provision of this Lease to the contrary (except that Hazardous Materials Claims shall be governed by Section 11.3), Lessee shall indemnify, defend (by counsel reasonably satisfactory to Lessor), and hold harmless the Indemnitees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees and expenses (collectively "**Claims**"), arising from or relating to Lessee's obligations under this Lease, the development or operation of the Improvements, or the violation of any Legal Requirements, except to the extent caused by the gross negligence or willful misconduct of the Indemnitees. Notwithstanding the foregoing or any other indemnity provision of this Lease, in no event shall any Leasehold Mortgagee or any Subsequent Owner have any obligation to indemnify the Indemnitees for any Claims that arise in connection with any acts or omissions of Lessee prior to the date that such Leasehold Mortgagee or Subsequent Owner acquires Lessee's interest in this Lease, and Lessee shall remain fully liable for any such indemnification obligation. The provisions of this Section 9.3 shall survive the expiration or sooner termination of this Lease.

ARTICLE 10. PERMITTED MORTGAGES

Section 10.1 Right to Encumber. During the Term, Lessee shall have the right to encumber Lessee's Estate with Leasehold Mortgages executed pursuant to the Approved Financing; provided, however, all Leasehold Mortgages shall remain subordinate and inferior to Lessor's right, title, and interest in the Leased Premises and, except as otherwise provided in this Lease, upon acquisition of the Leased Premises, any foreclosing Leasehold Mortgagee's rights to the Leased Premises shall be subject to the terms and provisions of this Lease. Lessor and Lessee agree that, so long as any Leasehold Mortgage encumbers the Improvements or Lessee's leasehold interest in the Land, the prior written consent of the Leasehold Mortgagee(s) shall be required (to the extent required by such Leasehold Mortgagee's Leasehold Mortgage): (a) in connection with any agreement by Lessor and Lessee (or their respective successors and assignees) to cancel, waive, terminate, surrender, amend or modify this Lease, (b) with respect to

any acceptance by Lessor of any attempted cancellation, termination, or surrender of this Lease or the Leased Premises on the part of Lessee, and/or (c) with respect to any termination or cancellation of the Lease by Lessee and/or Lessor pursuant to Articles 12 and 13 of the Lease, or any other provision of the Lease which gives Lessee and/or Lessor an express right to terminate or cancel the Lease. Any proposed or attempted amendment, waiver, cancellation, surrender, or termination of this Lease without the prior written consent of any Leasehold Mortgagee whose consent is required pursuant to the terms of such Leasehold Mortgagee's Leasehold Mortgage shall be void and of no force or effect.

Section 10.2 Notice to Leasehold Mortgagees and Limited Partner. Lessor shall provide a copy of all notices of default or other notices that Lessor may give to or serve in writing upon Lessee pursuant to this Lease to the Limited Partner, and during any period in which a Leasehold Mortgage is in place, to any Leasehold Mortgagee of which Lessor has received notice from Lessee. The address of the Leasehold Mortgagee originally designated in the Leasehold Mortgage may be changed upon written notice delivered to Lessor in the manner specified in Section 19.12 below. The address of the Limited Partner is set forth in Section 19.12. Lessor's failure to give any such notice to any such Leasehold Mortgagee or Limited Partner shall not constitute an Event of Default hereunder; provided, however, that the Leasehold Mortgagee cure period shall not commence until such notice is received by Leasehold Mortgagee and the Limited Partner's cure period shall not commence until such notice is received by the Limited Partner.

Section 10.3 Cure Rights of Leasehold Mortgagees and Limited Partner.

(a) General Right to Cure. Each Leasehold Mortgagee and the Limited Partner shall have the right, but not the obligation, at any time prior to termination of this Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Lessee hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent a termination of this Lease as the same would have been if made, done and performed by Lessee instead of by a Leasehold Mortgagee or the Limited Partner, as applicable.

(b) Delegation of Lessee's Rights. Lessee may delegate to a Leasehold Mortgagee the authority to exercise any or all of Lessee's rights hereunder, including, but not limited to, the right of a Leasehold Mortgagee to participate (in conjunction with or to the exclusion of Lessee) in any proceeding, arbitration or settlement involving condemnation or eminent domain affecting Lessee's interest in the Leased Premises and the Improvements, but no such delegation shall be binding upon Lessor unless and until either Lessee or the applicable Leasehold Mortgagee provides to Lessor a true copy of a written instrument effecting such delegation, in recordable form. Any delegation of authority to a Leasehold Mortgagee pursuant to this paragraph shall not diminish or be diminished by any right that Leasehold Mortgagees have pursuant to this Lease to exercise particular rights of Lessee under this Lease if Lessee has failed to exercise such rights.

(c) Limitation on Lessor's Right to Terminate. All rights of the Lessor to terminate this Lease as the result of the occurrence of any event of default shall be subject to, and conditioned upon (i) Lessor having first given the Leasehold Mortgagees and the Limited Partner notice of such event of default as provided in Section 10.2 above, and (ii) the Leasehold Mortgagees and the Limited Partner, as applicable, having failed to remedy such default, or to have acquired Lessee's interest in the Leased Premises and the Improvements, or to have commenced foreclosure or other appropriate proceedings in the nature thereof within the time and manner set forth in Section 10.3(d) or 10.3(e) below, as applicable. Notwithstanding any contrary provision of this Lease, Lessor agrees that during the period between the Commencement Date and the expiration of the Compliance Period, Lessor shall not terminate this Lease without providing Limited Partner with the notice and cure rights set forth herein.

(d) Leasehold Mortgagees' and Limited Partner's Options Upon Curable Default. If any event of default under this Lease occurs that is of a curable nature, and is not cured by Lessee within the applicable cure period provided in this Lease, Lessor shall not terminate this Lease, appoint a receiver, or institute a collection or enforcement action unless it first gives written notice of such event of default to the Leasehold Mortgagees and the Limited Partner, and thereafter, the Leasehold Mortgagees and the Limited Partner, as applicable, have failed to (i) remedy any such monetary default within 30 days of delivery of such written notice; or (ii) remedy any such nonmonetary default within 30 days of delivery of such written notice, provided that if the nature of such nonmonetary default is such that it cannot be cured within 30 days, the Leasehold Mortgagees and Limited Partner shall have an additional 60 days to cure such default provided that a cure has been initiated and is being diligently pursued, and provided further that (a) if the Limited Partner determines that the cure of such default requires the removal and replacement of the General Partner, then the Limited Partner shall have 90 days to cure the default from the effective date of such removal, and (b) if a holder of a Leasehold Mortgage determines that the cure of such default requires possession of the Improvements, then the Leasehold Mortgagee shall have 90 days to commence foreclosure or other appropriate proceedings in the nature thereof and thereafter diligently prosecute such proceedings to completion.

(e) Leasehold Mortgagees' and Limited Partner's Options Upon Non-Curable Default. Any event of default under this Lease which in the nature thereof cannot be remedied by Lessee, Leasehold Mortgagee or the Limited Partner shall be deemed to be remedied if, within 90 days of receipt of Lessor's written notice setting forth the nature of such event of default, either (a) the Leasehold Mortgagee obtains title to Lessee's interest in the Leased Premises and the Improvements in lieu of foreclosure; (b) the Limited Partner commences the removal of one or more of Lessee's general partners in accordance with the terms of the Partnership Agreement, or (c) the Leasehold Mortgagee commences foreclosure or other appropriate proceedings in the nature thereof and thereafter diligently prosecutes such proceedings to completion.

(f) No Obligation to Cure Rent or Monetary Default. Notwithstanding any provision of this Lease to the contrary, upon an event of default by Lessee, a Leasehold Mortgagee, as a condition to preventing a default termination of this Lease or to

exercising foreclosure rights, shall not be required to pay any accrued or defaulted Base Rent or to pay any other accrued or defaulted monetary obligations under this Lease, whether such rents or obligations are in default or have otherwise become due and payable during pendency of any foreclosure.

(g) Prior Rent or Monetary Obligations. In addition, notwithstanding Section 6.1 to the contrary, in the event that the Leased Premises are transferred pursuant to foreclosure or other transfer in lieu of or in connection with a foreclosure of any Leasehold Mortgage, then any Leasehold Mortgagee or Subsequent Owner shall have no obligation to pay any Base Rent or other monetary obligations that are due and payable with respect to any period prior to the date of such transfer, nor shall the Leased Premises be further encumbered in any way by the obligation to pay any such previously due Base Rent or other monetary obligation.

(h) Injunction or Bankruptcy. If any Leasehold Mortgagee or Limited Partner is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, by any process or injunction or other action by any court having jurisdiction of any Insolvency Proceeding involving Lessor or Lessee, the times specified in Sections 10.3(d) and 10.3(e) above for effecting any remedy or for commencing or prosecuting foreclosure or other proceedings shall be extended for the period of such prohibition provided that any Leasehold Mortgagee or the Limited Partner has paid any monetary obligations of Lessee under this Lease, including without limitation any monetary obligations to third parties which have become, or threaten to become, liens against the Leased Premises or the Improvements.

(i) No Prior Hazardous Materials Claims. Notwithstanding Section 11.3 below or any other provision of this Lease to the contrary, any indemnities or other covenants of Lessee with respect to Hazardous Materials matters shall not bind or apply to any Leasehold Mortgagee or Subsequent Owner. Furthermore, any Leasehold Mortgagee or Subsequent Owner shall only be subject to the covenants of Section 11.3 of this Lease for those Claims arising out of events or conditions first occurring during the period that such Leasehold Mortgagee or Subsequent Owner holds title to the Leased Premises and the Improvements.

Section 10.4 Limitation on Liability of Leasehold Mortgagees. No Leasehold Mortgagee shall be or become liable to Lessor as an assignee of this Lease or otherwise unless it expressly assumes by written instrument executed by Lessor and Leasehold Mortgagee such liability (in which event the Leasehold Mortgagee's liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby, and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by such Leasehold Mortgagee or other instrument or from a conveyance from Lessee pursuant to which the purchaser at foreclosure or grantee shall acquire the rights and interest of Lessee under the terms of this Lease.

Section 10.5 Estoppel Certificates. Lessor and Lessee agree that at any time and from time to time upon not less than twenty (20) days' prior written notice by the other Party, or upon request from any Leasehold Mortgagee or Limited Partner or a permitted assignee or other

interested party, Lessor or Lessee will execute, acknowledge and deliver to the other Party or to such Leasehold Mortgagee or Limited Partner a statement in writing certifying (a) that this Lease is unmodified and in full force and effect, or if modified, the nature and date of such modification; (b) the date through which the Base Rents have been paid; and (c) that to the knowledge of the certifier (if such be the case), there is no default, set-off, defense or other claim against Lessor or Lessee, as applicable, other than those, if any, so specified under the provisions of this Lease. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Lessor, Lessee or any Leasehold Mortgagee or Limited Partner, as the case may be, in this Lease or by any prospective Leasehold Mortgagee or Limited Partner or permitted assignee of any Leasehold Mortgagee or Limited Partner.

Section 10.6 Registration of Leasehold Mortgagees. Lessee shall provide written notice to Lessor of the name and address of each Leasehold Mortgagee under this Lease.

Section 10.7 Approval of Lessor. Lessor's approval of a Leasehold Mortgage proposed by Lessee in connection with a refinancing plan approved by Lessor to encumber the Leased Premises will not be unreasonably withheld or delayed and will be deemed granted if not denied with specific reasons for denial within fifteen (15) days after receipt by Lessor of request for such approval by Lessee.

Section 10.8 No Modification or Termination Without Consent of Leasehold Mortgagees and Limited Partner. Lessor agrees that, without the prior written consent of each Leasehold Mortgagee and the Limited Partner (which consent shall not be unreasonably withheld, conditioned or delayed), Lessor shall have no right to (a) enter into any agreement amending, modifying, or waiving any material provision of, or terminating this Lease (except as otherwise provided herein), or (b) cancel or terminate or agree to or accept a cancellation, termination or surrender of this Lease (except in the event of default by Lessee and provided Leasehold Mortgagee and Limited Partner shall have been provided with written notice and opportunity to cure such default as set forth in Section 10.3 above, and subject to the cure periods provided in Section 10.3.

Section 10.9 New Lease. In the event of the termination of this Lease prior to the expiration of the Term due to a default of Lessee or operation of law (except by eminent domain), merger of title, or for any other reason, Lessor, upon written request from the holder of a Leasehold Mortgage, shall enter into a new lease with such holder or its designee in accordance with and upon the same terms and conditions as set forth herein, with a term equal to the then remaining balance of the Term, and with the same priority against any subleases or other interests in the Leased Premises; provided, however, upon entering into any new lease pursuant to this Section 10.9, the provisions of Section 10.3(e) through 10.3(i), and 10.4 shall apply to the new lease as if the new lease were a transfer of the leasehold pursuant to a foreclosure, or other transfer in lieu of or in connection with a foreclosure, of the Leasehold Mortgage securing the construction loan and the permanent loan. If more than one Leasehold Mortgagee is entitled to a new lease pursuant to this Section 10.9, Lessor shall enter into such new lease with the Leasehold Mortgagee with the highest lien priority.

Section 10.10 Rights on Foreclosure. Subject to the provisions of Section 18.3 below, Lessor's consent shall not be required for the exercise or enforcement by a Leasehold Mortgagee

of any of its rights or remedies under a Leasehold Mortgage, including, without limitation, any foreclosure or similar proceeding or action against Lessee's interest in the Leased Premises and the Improvements or for a subsequent transfer of the Leased Premises and the Improvements. Any Leasehold Mortgagee or a third party nominee or designee may acquire Lessee's interest in this Lease, the Leased Premises, and the Improvements by foreclosure, deed in lieu of foreclosure or other appropriate proceedings in the nature thereof, or as a result of any other action or remedy provided for by the Leasehold Mortgage or by conveyance from Lessee, and any purchaser at foreclosure of a Leasehold Mortgage may also acquire Lessee's interest in this Lease, the Leasehold Premises and the Improvements. Upon acquisition of Lessee's interest in the Leased Premises and Improvements by a Leasehold Mortgagee or such third party, then:

(a) Except as may otherwise expressly be provided herein, Leasehold Mortgagee or such third party shall take Lessee's interest in the Leased Premises and the Improvements subject to all of the provisions of this Lease and shall, so long as, and only so long as it shall be the owner and in possession of the leasehold estate, assume the obligations of Lessee under this Lease.

(b) Unless otherwise expressly agreed to by Lessor in a written instrument, no foreclosure, deed in lieu of foreclosure, assignment, sale, assumption of obligation, subleasing or subletting of the Leased Premises or the Improvements, or the acceptance of rent by Lessor from any assignee, sublessee, subtenant, or any other person, shall relieve, release or in any manner affect the liability of Lessee under this Lease.

Section 10.11 Lessee's Personal Property. In the event of any default by Lessee under the Lease or any loan documents, Lessor will allow Leasehold Mortgagee to enforce its lien and security interest in Lessee's personal property located at the Leased Premises and Lessor will allow Leasehold Mortgagee to assemble and remove all of Lessee's personal property located on the Leased Premises. Lessor hereby waives any landlord's lien it might hold, statutory, constitutional, contractual or otherwise, in any personal property owned or leased by Lessee and now or hereafter located on the Leased Premises. If so requested by Lessee, Lessor shall execute a waiver of any right, title or interest or right to seize any of Lessee's personal property on the Leased Premises that may be subject to a lien or security interest in favor of Leasehold Mortgagee or a seller of Lessee's personal property or creditor holding a security interest in such personal property.

Section 10.12 Two or More Leasehold Mortgagees. In the event that more than one Approved Lender exercises its rights under this Lease and there is a conflict that renders it impossible to comply with all requests of Approved Lenders, the Approved Lender whose Leasehold Mortgage would have senior priority in the event of a foreclosure shall prevail.

Section 10.13 Taking and Casualty.

(a) Lessee may not terminate this Lease pursuant to Section 12.1 or Section 13.1 as a result of a Taking or Casualty without the prior written approval of the Leasehold Mortgagees and the Limited Partner. In the event that this Lease is not terminated in accordance with Section 12.1 or Section 13.1, the Lease shall continue in full force and effect and unmodified as to the remainder of the Leased Premises, and

Lessee shall have the right, but not the obligation, to rebuild and/or restore the improvements on the Leased Premises. Lessor shall have no right to terminate this Lease as a result of any Taking or Casualty or any full, partial or temporary Taking of the Leased Premises without the approval of the Leasehold Mortgagees and Limited Partner.

(b) Upon receiving actual knowledge of any Taking or Casualty, Lessee shall promptly advise each Leasehold Mortgagee and the Limited Partner in writing of the facts known to Lessee regarding such Taking or Casualty. Lessor and Lessee agree that, in the event of a Taking or Casualty that does not result in the termination of this Lease, this Lease shall continue in effect as to the remainder of the Leased Premises, and the award or net proceeds from the Taking or the proceeds of insurance in connection with a Casualty (“**Net Proceeds**”) will be disbursed in accordance with the Lease; provided, however, that all Net Proceeds payable to Lessee or to which Lessee is otherwise entitled shall be paid to a Leasehold Mortgagee and applied in accordance with the requirements of the applicable Leasehold Mortgage.

(c) In the event of a Taking, subject to the requirements of the Leasehold Mortgages and the provisions of the following paragraph (d), the total amount to which Lessee is entitled shall be no less than the Net Condemnation Proceeds reduced by the value of Lessor’s interest in the Land and reversionary interest in the Improvements, and Lessor and Lessee shall be entitled to receive and retain such separate condemnation awards and portions of lump sum awards as may be allocated to their respective interests in any proceedings relating to a Taking (subject to the requirements of the Leasehold Mortgagees), or as may be otherwise agreed.

Section 10.14 No Encumbrance or Subordination of Lessor’s Fee Interest.

(a) Lessor represents and warrants that there are no existing mortgages, deeds of trust, easements, liens, security interests, encumbrances and/or restrictions encumbering Lessor's fee interest in the Leased Premises other than those recorded as of the date of this Lease. Other than the Use Agreement, the Regulatory Agreement, and if applicable, the TCAC Restrictive Covenant, Lessor's fee interest shall not hereafter be subordinated to, or made subject to, any mortgage, deed of trust, easement, lien, security interest, encumbrance and/or restriction except for an encumbrance that expressly provides that it is and shall remain subject and subordinate at all times in lien, operation and otherwise to this Lease and to all renewals, modifications, amendments, consolidations and replacements hereof (including new leases entered into pursuant to Section 10.8 and extensions); provided that Lessor shall ensure that, as a condition to the Lessor's agreement to such encumbrance, the holder shall enter into a non-disturbance agreement with any Leasehold Mortgagee that requests such agreement, which non-disturbance agreement shall be in form and substance acceptable to such Leasehold Mortgagee.

(b) Lessee covenants and agrees that it will not subordinate its leasehold interest in the Leased Premises to any mortgage, deed of trust, easement, lien, security interest, encumbrance and/or restriction without the prior written consent of each Leasehold Mortgagee and Lessor.

Section 10.15 Limited Third Party Beneficiary. Each Leasehold Mortgagee and the Limited Partner shall be a third party beneficiary solely with respect to the rights and benefits granted to Leasehold Mortgagees and the Limited Partner under this Lease, but for no other purposes. Neither the Lessee nor the Lessor shall be deemed to be a third party beneficiary of the rights granted hereunder to the Leasehold Mortgagees and the Limited Partner, and no Leasehold Mortgagee nor the Limited Partner shall have any obligation to the Lessee or the Lessor to account for any decision, action or election it may take or the exercise of its rights hereunder, nor shall any Leasehold Mortgagee or the Limited Partner have any duty to the Lessee or the Lessor to exercise any right hereunder in any particular manner or order, other than that which such Leasehold Mortgagee or the Limited Partner, in its sole discretion (but in any event subject to the terms of this Lease) shall deem appropriate and in its own best interests. Nothing in this Section is intended to or shall operate to affect Lessor's rights and obligations in its capacity as a Leasehold Mortgagee.

Section 10.16 Lessee Delivery of Notices of Default to Lessor. Lessee shall deliver to Lessor a copy of any notice of default Lessee receives from the Limited Partner or any Leasehold Mortgagee within two (2) business days following Lessee's receipt thereof.

ARTICLE 11. REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 11.1 Representations, Warranties and Covenants of Lessee. As an inducement to Lessor to enter into and to proceed under this Lease, Lessee warrants and represents to Lessor as follows, which warranties, representations and covenants will be true and correct as of the Commencement Date:

(a) Organization. Lessee is a duly organized, validly existing California limited partnership, is in good standing under the laws of the State of California, and has the power and authority to own its property and carry on its business as now being conducted.

(b) Authority of Lessee. Lessee has full power and authority to execute, deliver, and perform its obligations under this Lease, the Authority Documents, and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease, and to perform and observe the terms and provisions of all of the above.

(c) Authority of Persons Executing Documents. This Lease, the Authority Documents, and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease have been executed and delivered by Persons who are duly authorized to execute and deliver the same for and on behalf of Lessee, and all actions required under Lessee's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Lease, the Authority Documents, and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Lease, have been duly taken.

(d) Valid Binding Agreements. This Lease, the Authority Documents, and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease constitute or, if not yet executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Lessee enforceable against it in accordance with their respective terms.

(e) No Breach of Law or Agreement. Neither the execution nor delivery of this Lease, the Authority Documents, or any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Lease, nor the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Lessee, or any provision of the organizational documents of Lessee, or will conflict with or constitute a breach of or a default under any agreement to which Lessee is a party, or will result in the creation or imposition of any lien upon any assets or property of Lessee, other than liens established pursuant hereto.

(f) Compliance With Laws; Consents and Approvals. The development of the Improvements, and any other construction work (including any Material Alterations), will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies, including Hazardous Materials Laws, and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency.

(g) Pending Proceedings. Lessee is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Lessee, threatened against or affecting Lessee, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Lessee, materially affect Lessee's ability to develop the Improvements and fulfill its obligations under this Lease and the Authority Documents.

Section 11.2 Representations, Warranties and Covenants of Lessor. As an inducement to Lessee to enter into and to proceed under this Lease, Lessor warrants and represents to Lessee as follows, which warranties, representations and covenants will be true and correct as of the date of Commencement Date:

(a) Authority of Lessor. Lessor has the right, power and authority to enter into and perform all of its obligations under this Lease.

(b) Compliance with Agreements. Lessor's execution of this Lease and the performance of its obligations hereunder, do not violate any agreement to which Lessor is a party.

(c) Pending Proceedings. There are no claims, actions, suits or proceedings pending or, to the knowledge of Lessor, threatened against or affecting Lessor, at law or in equity, before or by any court, board, commission or agency

whatsoever which might, if determined adversely to Lessor, materially affect Lessor's ability to enter into this Lease or impair Lessee's rights to develop, and operate the Development pursuant to this Lease.

(d) Valid and Binding Agreements. This Lease and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Lease constitute or, if not executed or delivered, will when so executed and delivered constitute, legal, valid and binding obligations of Lessor enforceable against it in accordance with their respective terms.

Section 11.3 Hazardous Materials.

(a) Certain Covenants and Agreements. The Lessee hereby covenants and agrees that:

(1) Lessee (i) shall not cause or knowingly permit any Hazardous Materials to be placed, stored, located or disposed of in, on, under, about, or at the Leased Premises or the Improvements, or any part thereof, except in commercially reasonable amounts used in the development and operation of the Improvements and in accordance with all applicable Legal Requirements, including without limitation, Hazardous Materials Laws, and (ii) shall not cause or knowingly permit any Hazardous Materials contamination of the Leased Premises or the Improvements, or any part thereof.

(2) Lessee shall not knowingly permit the Leased Premises or the Improvements, or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials or otherwise knowingly permit the presence of Hazardous Materials in, on or under the Improvements or the Leased Premises in violation of any applicable law; provided however, the foregoing shall not preclude the use of limited amounts of cleaning supplies and other materials customarily used in construction, rehabilitation, use or maintenance of residential properties similar in nature to the Development, provided they are used, stored, and disposed of in compliance with Hazardous Materials Laws.

(3) Lessee shall keep and maintain the Improvements and the Leased Premises, and each portion thereof in compliance with, and shall not cause or permit the Improvements or the Leased Premises, or any portion thereof to be in violation of, any Hazardous Materials Laws;

(b) Upon receiving actual knowledge of the same, the Lessee shall immediately advise the Lessor in writing of: (A) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Lessee or the Improvements or the Leased Premises pursuant to any applicable Hazardous Materials Laws; (B) any and all claims made or threatened by any third party against the Lessee or the Improvements or the Leased Premises relating to damage, contribution, cost recovery,

compensation, loss or injury resulting from any Hazardous Materials; (C) the presence of any Hazardous Materials in, on or under the Improvements or the Leased Premises in such quantities which require reporting to a government agency; or (D) any restrictions on the ownership, occupancy, transferability or use of the Leased Premises or the Improvements under any Hazardous Materials Laws (the matters set forth in the foregoing clauses (A) through (D) are hereinafter referred to as “**Hazardous Materials Claims**”). If the Lessor reasonably determines that the Lessee is not adequately responding to a Hazardous Material Claim, the Lessor shall have the right, but not the obligation, to join and participate in, as a party if it so elects, any legal proceedings or actions initiated against Lessee or the Improvements or the Leased Premises in connection with any such Hazardous Materials Claims.

(c) Lessee shall not, without Lessor's prior written consent, which shall not be unreasonably withheld or delayed, take any remedial action in response to the presence of any Hazardous Materials in, on, under, or about the Improvements or the Leased Premises (other than in emergency situations or as required by governmental agencies having jurisdiction), nor enter into any settlement agreement, consent decree, or other compromise in respect to any Hazardous Materials Claims.

(d) Lessee hereby acknowledges and agrees that Lessee's duties, obligations and liabilities under this Lease are in no way limited or otherwise affected by any information Lessor may have concerning the Improvements or the Leased Premises and/or the presence within the Improvements of any Hazardous Materials, whether Lessor obtained such information from Lessee or from its own investigations.

(e) Lessee hereby agrees to indemnify, defend, and hold harmless, the Indemnitees from and against any and all Hazardous Materials Claims, and any other demands, losses, damages, liabilities, fines, penalties, charges, causes of action, administrative and judicial proceedings and orders, settlements, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith, including without limitation, attorneys' fees, arising directly or indirectly, in whole or in part, out of any of the following except to the extent caused by the willful misconduct or gross negligence of the Indemnitees: (1) any action or omission, during the Term, of Lessee or any other Person acting under the authority or control of Lessee, other than any Indemnitee, relating to Hazardous Materials on, under, in, or about the Improvements or the Leased Premises, including the failure to comply with any Hazardous Materials Law or relating to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Improvements; or (2) the release or discharge of any Hazardous Materials during the Term into, on, under or from the Improvements or the Leased Premises, excluding any release or discharge caused by any Indemnitee. The provisions of this paragraph shall survive the expiration or sooner termination of this Lease.

Section 11.4 Condition of the Leased Premises.

(a) In fulfillment of the purposes of Health and Safety Code Section 25359.7(a), Lessor hereby represents and warrants that it has no knowledge, and has no reasonable cause to believe, that any release of Hazardous Materials has come to be located on or beneath the Leased Premises, except as previously disclosed to Lessee, and

that Lessor has disclosed in writing expressly identifying such Hazardous Materials, all such information concerning Hazardous Materials to Lessee.

(b) **“AS IS” CONVEYANCE.** Lessee acknowledges and agrees that prior to the Commencement Date, Lessee, and its agents, performed certain testing and testing work, and otherwise had access to the Leased Premises pursuant to the License Agreement and other agreements with Lessor. Lessee accepts the Leased Premises as of the Commencement Date in its “AS-IS” condition as of such date, with no warranties or representations, express or implied concerning the condition of the Leased Premises, including the presence or absence of any Hazardous Materials (other than as expressly set forth herein). Lessee hereby agrees and acknowledges that Lessor has not made any representation as to any matters concerning the Leased Premises, including without limitation: (a) the quality, nature, adequacy and physical condition of the Leased Premises (including, without limitation, topography, climate, air, water rights, water, gas, electricity, utility services, grading, drainage, sewers, access to public roads and related conditions); (b) the quality, nature, adequacy, and physical condition of soils, geology and groundwater; (c) the development potential of the Leased Premises, and the Leased Premises' use, habitability, merchantability, or fitness, suitability, value or adequacy of the Leased Premises for any particular purpose; (d) the presence or absence of Hazardous Materials on, under or about the adjoining or neighboring property; (e) the condition of title to the Leased Premises; and (f) any infrastructure improvements, or any other site work performed by or on behalf of Lessor prior to the Commencement Date. Lessee affirms that Lessee has not relied on the skill or judgment of Lessor or any of its agents, employees or contractors to select or furnish the Leased Premises for any particular purpose, and that Lessor makes no warranty that the Leased Premises are fit for any particular purpose, including but not limited to, the development of the Improvements. Lessee acknowledges that it used its independent judgment and made its own determination as to the scope and breadth of its due diligence investigation which it made relative to the Leased Premises, and relied upon its own investigation of the physical, environmental, economic and legal condition of the Leased Premises (including, without limitation, whether the Leased Premises are located in any area which is designated as a special flood hazard area, dam failure inundation area, earthquake fault zone, seismic hazard zone, high fire severity area or wildland fire area, by any federal, state or local agency). Lessee undertakes and assumes all risks associated with all matters pertaining to the Leased Premises' location in any area designated as a special flood hazard area, dam failure inundation area, earthquake fault zone, seismic hazard zone, high fire severity area or wildland fire area, by any federal, state or local agency.

(c) **Acknowledgement.** Lessee acknowledges that the Base Rent payable under this Lease reflect the “as is” nature of this transaction and any faults, liabilities, defects or other adverse matters that may be associated with the Leased Premises. Lessee has fully reviewed the disclaimers and waivers set forth in this Lease with Lessee's counsel and understands the significance and effect thereof. Lessee further acknowledges and agrees that (i) to the extent required to be operative, the disclaimers of warranties contained in this Section 11.4 are “conspicuous” disclaimers for purposes of all applicable laws and other Legal Requirements, and (ii) the disclaimers and other agreements set forth in such Section are an integral part of this Lease, that this Lease has been adjusted to

reflect the same and that Lessor would not have agreed to lease the Leased Premises to Lessee pursuant to this Lease without the disclaimers and other agreements set forth in this Section.

(d) Release. Except with respect to fraud or misrepresentation by Lessor, Lessee, on behalf of itself and anyone claiming by, through or under Lessee hereby waives its right to recover from and fully and irrevocably releases Lessor and the other Indemnitees from any and all claims that Lessee may have or hereafter acquire against any of the Indemnitees for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to (i) the condition (including any construction defects, errors, omissions or other conditions, latent or otherwise), valuation, salability or utility of the Leased Premises or their suitability for any purpose whatsoever, (ii) any presence of Hazardous Materials at the Leased Premises, and (iii) any information furnished by Lessor or the other Indemnitees in connection with this Lease or the Leased Premises.

(e) Scope of Release. The release set forth in paragraph (b) above hereof includes claims of which Lessee is presently unaware or which Lessee does not presently suspect to exist which, if known by Lessee, would materially affect Lessee's release of the released parties. Lessee specifically waives the provision of any statute or principle of law that provides otherwise. In this connection and to the extent permitted by law, Lessee agrees, represents and warrants that Lessee realizes and acknowledges that factual matters now unknown to Lessee may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Lessee further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Lessee nevertheless hereby intends to release, discharge and acquit Lessor from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses. Accordingly, Lessee, on behalf of itself and anyone claiming by, through or under Lessee, hereby assumes the above-mentioned risks and hereby expressly waives any right Lessee and anyone claiming by, through or under Lessee, may have under Section 1542 of the California Civil Code, which reads as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

Lessee's Initials: _____

Lessee acknowledges that the effect and import of the provisions of California Civil Code Section 1542 have been explained to it by its own counsel. Lessee understands and acknowledges the significance and the consequence of such specific waiver of unknown claims and hereby assumes full responsibility for any injuries, damages, losses or liabilities that it may hereinafter incur from the waiver of these unknown claims. The provisions of paragraphs (d) and (e) of this Section 11.4 shall survive the expiration or sooner termination of this Lease.

Section 11.5 Environmental Work and Lessee Indemnity.

(a) Lessee Obligation to Perform Work. In addition to the obligations set forth in Article 9, Lessee shall be responsible for performing the work of any investigation and remediation of the Leased Premises that may be required in order to construct the Improvements and operate the Development in accordance with this Lease. Lessee shall notify Lessor promptly upon discovery of Hazardous Materials, and upon any release thereof, and shall consult with Lessor in order to establish the extent of remediation to be undertaken and the procedures by which remediation thereof shall take place. Lessee shall comply with, and shall cause its agents and contractors to comply with, all Hazardous Materials Laws regarding the use, removal, storage, transportation, disposal and remediation of Hazardous Substances necessary to construct the Improvements and operate the Development. All work performed by, or on behalf of, Lessee pursuant to this Section 11.5, or otherwise, shall be carried out in accordance with all applicable Legal Requirements (including without limitation, all Hazardous Materials Laws). The obligation of Lessee to indemnify the Indemnitees, as set forth in Section 11.3, above, shall also apply to Lessee's acts, or failure to act, under this Section 11.5.

(b) Limitation on Lessee Indemnity. Notwithstanding any contrary provision of this Lease, Lessee, on behalf of itself and any Person acting by or under Lessee, agrees and acknowledges that in no event shall the Lessor be required to reimburse Lessee for costs incurred by, or on behalf of, Lessee in connection with remediation or abatement of Hazardous Materials that is contemplated by the Approved Final Plans or financed by a funding source set forth in, or contemplated by, the Approved Financing. As between the Lessor and the Lessee, the performance of any work related to, or necessary for, the abatement or remediation of any Hazardous Materials shall be performed by the Lessee.

(c) Survival. This Section shall survive the expiration of the Term or earlier termination of this Lease.

ARTICLE 12.
EMINENT DOMAIN

Section 12.1 Termination of Lease. Lessor and Lessee agree that, in the event of a Taking such that Lessee reasonably determines that the Leased Premises cannot continue to be operated, at reasonable cost, for its then current use, then, subject to the rights and any required consent of Leasehold Mortgagees and the Limited Partner, this Lease shall, at Lessee's sole option, terminate as of the Taking Date.

Section 12.2 Continuation of Lease and Presumption of Restoration. Lessor and Lessee agree that, in the event of a Taking that does not result in the termination of this Lease pursuant to Section 12.1 above, this Lease shall continue in effect as to the remainder of the Leased Premises, and the Net Condemnation Award will be disbursed in accordance with Section 12.4 below to Lessor, Lessee and the Leasehold Mortgagees, if the terms of the applicable Leasehold Mortgage so require, and shall be used so as to make the same a complete, unified and efficient operating unit as nearly as reasonably possible to the condition existing prior to the Taking, subject to any applicable requirements of the Leasehold Mortgagee.

Section 12.3 Temporary Taking. If there shall be a temporary Taking with respect to all or any part of the Leased Premises or of Lessee's interest in this Lease, then the Term shall not be reduced, and Lessee shall continue to pay all Base Rent, Additional Rent, Impositions and other charges required herein, without reduction or abatement thereof at the times herein specified; provided, however, that Lessee shall not be required to perform such obligations that Lessee is prevented from performing by reason of such temporary Taking. Any award payable for or on account of such temporary Taking shall be paid to Lessee.

Section 12.4 Award. After the Closing, subject to the rights of Leasehold Mortgagees and the HUD Documents, if there is a Taking, whether whole or partial, Lessor and Lessee shall be entitled, to receive and retain such separate awards and portions of lump sum awards as may be allocated to their respective interests in any condemnation proceedings, or as may be otherwise agreed, taking into consideration Lessor's fee interest in the Land (as encumbered by this Lease) and reversionary interest in the Improvements upon the expiration or termination of this Lease. If the Improvements will be restored as is contemplated in Section 12.2 above, Lessee shall be entitled to recover the costs and expenses reasonably incurred in such restoration out of any Net Condemnation Award payable to Lessee.

Thereafter, if the condemning authority does not make separate awards, the Parties agree that any Net Condemnation Award will be allocated as follows on a proportionate basis reflecting the Parties' respective interests in the Land and Improvements and the remaining duration of the Term as follows:

(a) Award on Total or Substantial Taking. In the event of a total or substantial taking, the award shall be apportioned as follows, in the following order:

(1) To the Lenders in an amount equal to the amounts owing on the Leasehold Mortgages.

(2) To Lessor that portion of the award equal to the fair market value of the Land and Lessor's reversionary interest in the Improvements.

(3) To Lessee, that portion of the award equal to the fair market value of the Improvements (less Lessor's reversionary interest in the Improvements), less the amount paid to the Lenders pursuant to (a) above.

(4) Any "bonus value" (i.e., any portion of the award attributable to the fact that the rent payable by Lessee under this Lease is at a below market rate) shall be paid to Lessor; provided however, if the condemning agency is Lessor, any such "bonus value" shall be equally divided between Lessor and Lessee.

(5) The balance, if any, shall be allocated between Lessor and Lessee respectively in that proportion in which (i) the fair market value of the Land bears to (ii) the fair market value of the Improvements less the value of Lessor's reversionary interest in the Improvements.

(b) Award on Partial Taking. In the event of a partial taking, after application of the Award for restoration, any remaining portion of such award shall be apportioned as follows, in the following order:

(1) To the Lenders in an amount equal to the amounts owing on the Leasehold Mortgages.

(2) To Lessor, that portion of the award attributable to the fair market value of the portion of the Land taken.

(3) To Lessee, that portion of the award equal to the fair market value of the portion of the Improvements taken (subject to Lessor's reversionary interest in the Improvements), less the amount paid to the Lenders pursuant to (a) above, but only to the extent that the proceeds of the award are not used for restoration of the Improvements.

(4) Any "bonus value" (i.e., any portion of the award attributable to the fact that the rent payable by Lessee under this Lease is at a below market rate) shall be paid to Lessor; provided however, if the condemning agency is Lessor, any such "bonus value" shall be equally divided between Lessor and Lessee.

(5) The balance, if any, shall be allocated between Lessor and Lessee respectively in that proportion in which (i) the fair market value of the Land bears to (ii) the fair market value of the Improvements less the value of Lessor's reversionary interest in the Improvements.

(6) Any severance damages awarded or payable because only a portion of the Land and Improvements are taken by eminent domain shall be (a) paid to Lessee during the first 49.5 years of this Lease and (b) equally divided between Lessee and Lessor during the next 49.5 years of this Lease (except to the extent needed to replace any Improvements taken by eminent domain with equivalent Improvements on the remainder of the Land).

If the Parties are unable to agree on the amounts of the above allocations, then each Party shall select an independent M.A.I. real estate appraiser (an "**Appraiser**"). Each Appraiser shall separately determine the amount of the balance of the Net Condemnation Award that is to be allocated to the interests of each Party. If the Net Condemnation Award each Appraiser allocates to each Party are within ten percent (10%) of each other, the two appraisals shall be averaged, and such average shall be the final allocation of the Net Condemnation Award the Parties. If the Net Condemnation Award each Appraiser allocates to each Party differ by more than ten percent (10%), the two Appraisers shall select a third Appraiser who shall independently allocate the Net Condemnation Award between Lessor and Lessee, and the middle of such three allocations shall be the final allocation of the Net Condemnation Award. Notwithstanding the foregoing, if a Taking occurs while a Leasehold Mortgage is in effect, condemnation proceeds shall be applied in accordance with the terms of that lender's Leasehold Mortgage. The provisions of this Section

12.4 that pertain to the allocation of any Net Condemnation Award are subject to the provisions of Section 10.13.

Section 12.5 Joinder. If a Leasehold Mortgage exists, the Leasehold Mortgagees, to the extent permitted by law, shall be made a party to any Taking proceeding.

ARTICLE 13. DAMAGE OR DESTRUCTION

Section 13.1 Damage or Destruction to Leased Premises. Lessee shall give prompt written notice to Lessor after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Leased Premises, the Improvements or any portion thereof (“**Casualty**”). Subject to Sections 13.2 and 13.4 below and the rights of any Leasehold Mortgagees, if during the Term the Improvements are damaged or destroyed by Casualty, Lessee shall repair or restore the Improvements, so long as Lessee determines, in its sole discretion, that it is feasible to do so, and in such event Lessee provides or causes to be provided sufficient additional funds which, when added to insurance proceeds, will fully effect such repair or restoration. Upon the occurrence of any Casualty, Lessee, promptly and with all due diligence, shall apply for and collect all applicable insurance proceeds recoverable with respect to such Casualty. If within thirty (30) days after Lessee’s receipt of any such insurance proceeds, Lessee determines that it is not economically practical to restore the Improvements and/or the Leased Premises to substantially the same condition in which they existed prior to the occurrence of the Casualty, and such determination is approved by HUD, then by written notice to Lessor, Lessee may terminate this Lease as of a date that is not less than thirty (30) days after the date of such notice; provided, however, any termination of this Lease by Lessee, pursuant to this Section 13.1 shall be void and of no force and effect unless all Leasehold Mortgagees and the Limited Partner have consented in writing to such termination. If Lessee terminates this Lease pursuant to this Section 13.1, Lessee shall surrender possession of the Leased Premises to Lessor immediately and assign to Lessor (or, if same has already been received by Lessee, pay to Lessor) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Leased Premises, subject to the prior rights of any Leasehold Mortgagee therein, as referenced in Section 13.3 below. Notwithstanding the foregoing, if a Casualty occurs while a Leasehold Mortgage is in effect, insurance proceeds shall be delivered to the Leasehold Mortgagee in accordance with the terms of the applicable Leasehold Mortgage. Lessor shall provide reasonable prior notice to each Leasehold Mortgagee and the Limited Partner of any proceedings for adjustment or adjudication of any insurance claim involving the Leased Premises and will permit each Leasehold Mortgagee and the Limited Partner to participate in the proceedings as an interested party. If Lessee restores the Improvements as contemplated by this Section, any insurance proceeds remaining after restoration is completed shall, subject to the applicable rights of any Leasehold Mortgagee, be retained by Lessee.

Section 13.2 Damage or Destruction Near End of Term. If, during the last seven (7) years of the Term, the Improvements are damaged by a Casualty, then Lessee shall have the option, to be exercised within one hundred twenty (120) days after such Casualty:

- (a) To repair or restore the Improvements as hereinabove provided in this Article 13; or

(b) Subject to the rights of any Leasehold Mortgagees and the Limited Partner, to terminate this Lease by notice to Lessor, which termination shall be deemed to be effective as of the date of the Casualty. If Lessee terminates this Lease pursuant to this Section 13.2, Lessee shall surrender possession of the Leased Premises to Lessor immediately and assign to Lessor (or, if same has already been received by Lessee, pay to Lessor) all of its right, title and interest in and to the proceeds from Lessee's insurance upon the Leased Premises, subject to the prior rights of any Leasehold Mortgagee therein, as referenced in Section 13.3 below.

Section 13.3 Distribution of Insurance Proceeds. If insurance proceeds are not applied to restoration of the Leased Premises, and this Lease is terminated pursuant to Sections 13.1 or 13.2 above, the insurance proceeds received as the result of such Casualty shall be distributed to the Leasehold Mortgagees whose Leasehold Mortgages are in effect, in accordance with their respective Leasehold Mortgages, to be paid to such Leasehold Mortgagees in order of seniority with the obligations secured by the senior Leasehold Mortgagees being paid in full prior to payment of any junior Leasehold Mortgagees.

Section 13.4 HUD Provisions. Notwithstanding any other provision in this Lease, if any provision herein, including without limitation the provisions of this Article 13 pertaining to restoration, conflicts with the provisions of the HUD Documents, the provisions of the applicable HUD Documents will control; provided however, if this Lease or the Regulatory Agreement impose stricter rent restrictions than the HUD Documents, the provisions of this Lease and the Regulatory Agreement shall control with respect to such restrictions.

ARTICLE 14. EVENTS OF DEFAULT

Section 14.1 Events of Default. Each of the following shall be an "Event of Default" by Lessee hereunder:

(a) Failure by Lessee to pay any Base Rent or Additional Rent when due or to pay or cause to be paid any Impositions, insurance premiums or other liquidated sums of money herein stipulated to be paid by Lessee, if such failure shall continue for a period of thirty (30) days after written notice thereof has been given by Lessor to Lessee;

(b) Lessee's failure to maintain insurance on the Leased Premises and the Improvements as required hereunder, and the failure of Lessee to cure such default within five (5) days;

(c) Subject to Lessee's right to contest the following charges, Lessee's failure to pay taxes or assessments due on the Leased Premises or the Improvements or failure to pay any other charge that may result in a lien on the Leased Premises or the Improvements, and Lessee's failure to cure such default within twenty (20) days of delinquency, but in all events prior to the date upon which the holder of any such lien has the right to foreclose thereon;

(d) A Transfer, sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Leased Premises, the Improvements, or the ownership or control of Lessee occurs in violation of Article 18.

(e) Lessor's default in the performance of any provision of this Lease other than an obligation enumerated in this Section 14.1 (including without limitation, Lessee's failure to commence or complete construction of the Improvements in accordance with the terms and conditions of this Lease) if such breach shall continue for a period of thirty (30) days after written notice thereof has been given by Lessor to Lessee; provided, however, that if any such failure cannot reasonably be cured within such thirty (30)-day period, then Lessor shall not have the right to terminate this Lease or Lessee's right to possession hereunder so long as Lessee promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure within a reasonable period of time; provided, however, that such period shall not extend for more than ninety (90) days after the date of Lessor's notice to Lessee;

(f) The holder of any debt instrument secured by a mortgage or deed of trust on the Improvements and/or Lessee's interest in the Land declares a default, and such default remains uncured beyond any applicable cure period such that the holder of such instrument has the right to accelerate payment thereunder.

(g) The subjection of any right or interest of Lessee in this Lease to attachment, execution or other levy, or to seizure under legal process, if not released within sixty (60) days;

(h) The filing by Lessee of a petition for voluntary bankruptcy under the Bankruptcy Code of the United States or any similar law, state or Federal, now or hereafter in effect;

(i) The filing against Lessee of any involuntary proceedings under such Bankruptcy Code or similar law, if such proceedings have not been vacated or stayed within sixty (60) days of the date of filing;

(j) The appointment of a trustee or receiver for Lessee or for all or the major part of Lessee's property or the Leased Premises, in any involuntary proceeding, or taking of jurisdiction by any court over all or the major part of Lessee's property or the Leased Premises in any involuntary proceeding for the reorganization, dissolution, liquidation or winding up of Lessee, if such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise stayed within sixty (60) days; or

(k) A general assignment by Lessee for the benefit of creditors or Lessee's admittance in writing of its insolvency or inability to pay its debts generally as they become due or Lessee's consent to the appointment of a receiver or trustee or liquidator for Lessee, all or the major part of its property, or the Leased Premises.

Section 14.2 Rights and Remedies. At any time after the occurrence of an Event of Default hereunder, Lessor, subject in all respects to the standstill provision in Section 10.3(c) and the provisions of this Lease with respect to Lessor's rights to cure defaults by Lessee and with respect to the rights of Limited Partner and any Leasehold Mortgagees, may terminate this Lease by giving Lessee written notice thereof (with a copy of such notice to the Leasehold Mortgagees), setting forth in such notice an effective date for termination which is not less than thirty (30) days after the date of such notice, in which event this Lease and Lessee's Estate created hereby and all interest of Lessee and all parties claiming by, through or under Lessee shall automatically terminate upon the effective date for termination as set forth in such notice, with the same force and effect and to the same extent as if the effective date of such notice had been the date originally fixed in Article 2 hereof for the expiration of the Term. In such event, Lessor, its agents or representatives, shall have the right, without further demand or notice, to re-enter and take possession of the Leased Premises and the Improvements (including all buildings and other Improvements comprising any part thereof) at any time from and after the effective termination date without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or existing breaches of covenants; provided that Lessor shall not be entitled to disturb possession of any Tenants or others in possession pursuant to Tenant Leases so long as such Tenants or others are not in default thereunder and attorn to Lessor as their landlord. In addition, Lessor shall be entitled, subject to the rights of Leasehold Mortgagees, to pursue and enforce any and all other remedies available at law or at equity, including, but not limited to, an action for damages, injunctive relief, or specific performance. Lessor hereby agrees to accept any cure hereunder made or tendered by the Limited Partner on the same terms and conditions as if made or tendered by Lessee.

(a) Upon the exercise of Lessor's remedies pursuant to this Section 14.2, Lessee shall execute such releases, deeds and other instruments in recordable form as Lessor shall reasonably request in order to accurately set forth of record the then current status of Lessee's Estate and Lessee's rights hereunder. Such obligations shall survive the termination of this Lease.

(b) At any time after the occurrence of an Event of Default and the expiration of all applicable cure periods, subject in all respects to the rights of the Limited Partner and any Leasehold Mortgagees, Lessor may pursue any remedy available under this Lease or at law or in equity, including without limitation, an action for damages, injunctive relief and/or specific performance, and the exercise of applicable remedies under the Authority Documents. Except as otherwise expressly stated in this Lease, such remedies are cumulative, and the exercise of one or more such remedies shall not preclude the exercise at the same or different time of any other rights or remedies for the same or any other default. All reasonable costs incurred by Lessor to cure any Lessee default hereunder and all costs incurred by Lessor in connection with the enforcement of this Lease shall be due immediately from Lessor, together with interest at the highest rate permitted by applicable law.

(c) No failure or delay by Lessor in asserting any of its rights and remedies as to any default shall operate as a waiver of such default or of any such rights or remedies, nor deprive Lessor of its rights to institute and maintain any action or

proceeding which it may deem necessary to protect, assert or enforce any such rights or remedies in the same or any subsequent default.

Section 14.3 Default by Lessor.

(a) Events of Default. Lessor shall be in default of this Lease if it fails to perform any provision of this Lease that it is obligated to perform or if any of Lessor's representations or warranties are untrue or become untrue in any material respect, and if the failure to perform or the failure of such representation or warranty is not cured within thirty (30) days after written notice of the default has been given to Lessor. If the default cannot reasonably be cured within thirty (30) days, Lessor shall not be in default of this Lease if Lessor commences to cure the default within such thirty (30)-day period and diligently and in good faith continues to cure the default until completion; provided, however, that such period shall not extend for more than one hundred twenty (120) days after the date Lessor receives notice of such default.

(b) Right to Cure; Lessee's Remedies. Subject to Section 14.4 below, if Lessor fails to cure a default by Lessor after expiration of the applicable time for cure of a particular default, Lessee, at its election, but without obligation therefor (i) may seek specific performance of any obligation of Lessor, after which Lessee shall retain, and may exercise and enforce, any and all rights that Lessee may have against Lessor as a result of such default, (ii) from time to time, without releasing Lessor in whole or in part from the obligations to be performed by Lessor hereunder, may cure the default at Lessor's cost, (iii) may, with the consent of all Leasehold Mortgagees and the Limited Partner, terminate this Lease, and/or (iv) may exercise any other remedy given hereunder or now or hereafter existing at law or in equity. Any reasonable costs incurred by Lessee in order to cure such a default by Lessor shall be due immediately from Lessor, together with interest.

Section 14.4 Notices. Notices given by Lessor or by Lessee pursuant to this Article 14 shall specify the alleged default and the applicable Lease provisions, and shall demand that Lessee or Lessor, as applicable, perform the appropriate provisions of this Lease within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease unless expressly set forth in such notice.

Section 14.5 Limited Damages. Notwithstanding any contrary provision of this Lease, a Party's right to recover damages in the event of a default shall be limited to actual damages and shall exclude consequential damages.

ARTICLE 15.
QUIET ENJOYMENT AND POSSESSION; INSPECTIONS

Section 15.1 Quiet Enjoyment. Lessor covenants and warrants that Lessee shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Leased Premises during the Term, subject only to the provisions of this Lease and all applicable Legal Requirements.

Section 15.2 Lessor's Right of Inspection.

(a) Notwithstanding Section 15.1 above, Lessor, in person or through its agents, upon at least 48 hours' prior written notice to Lessee, shall have the right, subject to the rights of Tenants, to enter upon the Leased Premises and the Improvements for purposes of reasonable inspections performed during reasonable business hours in order to assure compliance by Lessee with its obligations under this Lease.

(b) Lessee agrees to grant a right of access to Lessor, HUD, the Comptroller General of the United States, or any of their authorized representatives, with respect to any books, documents, papers, or other records related to this Lease, the Leased Premises, or the Improvements in order to make audits, examinations, excerpts, and transcripts.

ARTICLE 16. VACATION OF LEASED PREMISES

Section 16.1 Vacation.

(a) Lessee covenants that upon any termination of this Lease, whether by lapse of time or because of any of the conditions or provisions contained herein, Lessee will peaceably and quietly yield and surrender possession of the Leased Premises to Lessor.

(b) The foregoing, however, will be subject to the rights of Tenants or others in possession pursuant to Tenant Leases with Lessee, provided that such Tenants are not in default thereunder and attorn to Lessor as their lessor. An action of forcible detainer shall lie if Lessee holds over after a demand for possession is made by Lessor.

ARTICLE 17. NON-MERGER

Section 17.1 Non-Merger. There shall be no merger of this Lease or any interest in this Lease, nor of the leasehold estate created hereby, with the fee estate in the Land, by reason of the fact that this Lease or such interest therein, or such leasehold estate may be directly or indirectly held by or for the account of any person who shall hold the fee estate in the Land, or any interest in such fee estate, nor shall there be such a merger by reason of the fact that all or any part of the leasehold estate created hereby may be conveyed or mortgaged in a Leasehold Mortgage to a Leasehold Mortgagee who shall hold the fee estate in the Land or any interest of the Lessor under this Lease unless and until all persons, including any assignee of Lessor and any Leasehold Mortgagee, having an interest in (i) this Lease or Lessee's Estate created hereunder, and (ii) the fee estate in the Land or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same.

ARTICLE 18. ASSIGNMENTS AND TRANSFERS

Section 18.1 Consent Required. Except as expressly provided herein or as expressly permitted by and subject to the terms and conditions of the Legal Requirements, Lessee shall not, without the prior written consent of HUD, the Leasehold Mortgagees, the Limited Partner, and Lessor, assign this Lease or any interest therein (“**Transfer**”). Any attempted Transfer without

such consents shall be null and void. So long as the Leased Premises are subject to the HUD Use Agreement, a Transfer shall be deemed to include any attempt by Lessee to (a) demolish all or any portion of the Improvements except as expressly provided in the Approved Final Plans; (b) make or permit any voluntary or involuntary, total or partial, sale, lease, assignment, conveyance, mortgage, pledge, encumbrance, or other transfer of any or all of the Leased Premises or the Improvements; or (c) transfer, convey or assign (i) any interest of a managing member, general partner, or controlling affiliate or stockholder (any such interest being referred to as a “**Controlling Interest**”) in the Lessee, or (ii) a Controlling Interest in any entity which has a Controlling Interest in the Lessee, or (iii) prior to payment in full of all equity contributions described in the Partnership Agreement, any other interest in the Lessee, or in any partner or member thereof.

Section 18.2 Prohibited Transfers. Lessee agrees for itself and its successors and assigns in interest hereunder that it will not, other than by the deeds of trust, pledges, and/or assignments, securing the Approved Financing and Bond Regulatory Agreement: (1) assign this Lease or any of its rights under this Lease as to all or any portion of the Leased Premises, the Improvements, the Unit equipment or the Development generally, or (2) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Leased Premises, the Improvements, the Unit equipment or the Development or the occupancy or use thereof, other than in accordance with the HUD Documents and this Lease (including, but not limited to (i) any sale at foreclosure or by the execution of any judgment of any or all of Lessee's rights hereunder, or (ii) any Transfer by operation of law), without first obtaining Lessor's and HUD's express written consent thereto.

Section 18.3 Lessor Pre-Approval of Certain Transfers. Notwithstanding any provision of this Lease to the contrary, none of the following Transfers shall require Lessor's consent or constitute a default under any provision of this Lease: (i) any withdrawal, removal, and/or replacement of a general partner of Lessee pursuant to the terms of the Partnership Agreement so long as the substitute general partner is a nonprofit public benefit corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Code, or a limited liability company whose sole member is (or all members are) a nonprofit public benefit corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Code, approved in advance by Lessor in its reasonable discretion; provided, however, the Limited Partner, or any affiliate of the Limited Partner is hereby approved as a substitute general partner by Lessor; (ii) any transfer of limited partner interests in Lessee or the partnership interests in the Limited Partner provided that either the Limited Partner remains obligated to fund any outstanding equity contribution, or the new limited partner assumes the obligations to fund any outstanding equity contribution in accordance with the terms of the Partnership Agreement; (iii) any Transfer which occurs in accordance with the Article 10 of this Lease; and (iv) the execution of Tenant Leases consistent with the requirements of this Lease and the Regulatory Agreement. Lessor agrees that amendments to the Partnership Agreement to implement Transfers described in this Section 18.3 will not require Lessor consent.

Section 18.4 Subsequent Assignment. In cases where Lessor's consent is required, Lessor's consent to one assignment will not waive the requirement of its consent to any subsequent assignment.

Section 18.5 Request for Consent. If Lessee requests Lessor's consent to a specific assignment, Lessee shall provide to Lessor such information as may reasonably be required by Lessor and, if applicable, by HUD.

Section 18.6 General Partner's Purchase Option; Limited Partner's Put Option. Notwithstanding any contrary provision hereof, nothing in this Lease shall operate to prohibit or prevent: (a) the General Partner's or EAH's exercise of its Option or its Right of First Refusal to purchase the Limited Partner's interest in Lessee or Lessee's interest in the Leased Premises or the Improvements in accordance with the Partnership Agreement, or (b) the exercise by the Limited Partner of its right to enforce any repurchase requirements under the Partnership Agreement. Lessor's consent shall not be required in connection with Transfers resulting from the exercise of the foregoing rights.

ARTICLE 19. MISCELLANEOUS PROVISIONS

Section 19.1 Lenders' Requirements. The Parties acknowledge and agree that the terms of this Lease may require amendments in connection with the lenders providing construction and permanent loans to assist in the development of the Improvements. Lessor agrees that it will make reasonable amendments requested by such lenders.

Section 19.2 Entire Agreement; Modifications. This Lease and the Authority Documents contain entire understanding between the Parties with respect to the leasing of the Leased Premises, and all promises, inducements, offers, solicitations, agreements, representations and warranties heretofore made between the Parties, if any, are merged into this Lease. This Lease supersedes all prior discussions and agreements between the Parties with respect to the leasing of the Leased Premises. Without limiting the generality of the foregoing, all provisions of the Master Development Agreement pertaining to the Leased Premises are hereby superseded by this Lease. This Lease shall not be modified or amended in any respect, except by written instrument specifically referencing such a modification or amendment which is executed by or on behalf of the Parties in the same manner as this Lease is executed and to which HUD, Limited Partner and each Leasehold Mortgagee has consented in writing. No amendment shall impair the obligations of the Lessee to construct the Improvements and operate the Development in accordance with the HUD Requirements.

Section 19.3 Governing Law. This Lease and the rights and obligations of the Parties hereunder shall be governed by and construed in accordance with the substantive laws of the State of California. In the event of any legal action to interpret or to enforce the terms of this Lease, the venue for such action shall be the Superior Court of the County of Contra Costa, or federal district court for the Northern District of California.

Section 19.4 Binding Effect. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors and permitted assigns.

Section 19.5 Severability. In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holding shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the

same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof, except to the extent the rights and obligations of the Parties have been materially altered by such unenforceability.

Section 19.6 Further Assurances. From and after the date of this Lease, Lessor and Lessee, at the request of the other Party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease.

Section 19.7 Captions. All captions, headings, paragraphs, subparagraphs, letters and other reference captions are solely for the purpose of facilitating convenient reference to this Lease and shall not supplement, limit or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof.

Section 19.8 Gender. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

Section 19.9 Exhibits. Exhibits A through L, attached hereto are incorporated into this Lease.

Section 19.10 References. All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease. Unless otherwise specified in this Lease, the terms “herein”, “hereof”, “hereinafter”, “hereunder” and other terms of like or similar import, shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof. Any reference to a particular article or section of this Lease shall mean a reference to all subsections and paragraphs thereof unless expressly stated otherwise.

Section 19.11 Rights and Remedies Cumulative. Except as expressly limited by the terms of this Lease, all rights, remedies, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 19.12 Notices. All notices, requests, demands, or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by Federal Express, or by hand delivery by a recognized, reputable courier, to each party at the addresses set forth below. Any such notice, request, demand or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication. By giving prior written notice thereof, any Party, from time to time, may change its address for notices hereunder. Legal counsel for the respective Parties may send to the other Party any notices, requests, demands or other communications required or permitted to be given hereunder by such Party.

Lessor: Housing Authority of the City of Richmond
450 Civic Center Plaza, 2nd floor
Richmond, CA 94804
Attn: Executive Director

With a copy to: City of Richmond
450 Civic Center Plaza
Richmond, CA 94804
Attn: City Manager

And: City of Richmond
450 Civic Center Plaza
Richmond, CA 94804
Attn: City Attorney

Lessee: Nevin Plaza II, L.P.
c/o EAH Inc.
22 Pelican Way
San Rafael, CA 94901

With a copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, California 90071
Attention: Nicole Deddens, Esq.

And:

With a copy to:

Section 19.13 Counterparts.

This lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

Section 19.14 Time of Essence. Time is and shall be of the essence in this Lease.

Section 19.15 Delay. Either Party shall not be deemed to be in default if such default is due to (i) a labor dispute, lock-out or strike; (ii) war, an act of terrorism or the public enemy, insurrection, or riot; (iii) a fire, earthquake, or other casualty or act of God; (iv) pandemic, epidemic, quarantine or shelter in place order; (v) the filing of any action or the issuance of any order or ruling from a court or other Governmental Authority; (vi) the imposition of governmental restrictions or limitations or the failure of a Governmental Authority to issue required approvals, permits or legal authorizations within a reasonable period of time following submission of a complete application therefor; or (vii) unusually adverse weather or wet soil conditions or other construction related causes (including a qualified labor shortage or a shortage or delay in the shipment of necessary material or fuel) beyond the reasonable control of Lessee's

general contractor and which entitle such contractor to a delay under the applicable construction contract. An extension of time for cause will be deemed granted if notice by the Party claiming such extension is sent to the other Party within ten (10) days from the date the Party seeking the extension first discovered the cause and such extension of time is not rejected in writing by the other Party within ten (10) days after receipt of the notice. In no event shall the cumulative delays exceed one hundred twenty (120) days, unless otherwise agreed to by the Parties in writing.

Section 19.16 Relationship of Parties. No relationship exists between Lessor and Lessee other than landlord and tenant. The Parties expressly declare that, in connection with the activities and operations contemplated by this Lease, they are neither partners nor joint venturers, nor does a debtor-creditor, principal-agent or any other relationship except as aforesaid, exist between them. Nothing contained in any other agreement or contract between the Parties hereto, nor any act of HUD, Lessor, or Lessee, will be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture or any association or relationship involving HUD.

Section 19.17 Non-Liability of Lessor. Notwithstanding anything to the contrary in this Lease, no individual member of Lessor's Board of Commissioners, officer, employee or agent of Lessor shall be personally liable to Lessee, its successors and assigns, in the event of any default by Lessor, or for any amount which may become due to Lessee, its successors and assign, under this Lease.

ARTICLE 20. PARTICULAR COVENANTS

Section 20.1 Non-Discrimination. Lessee shall not discriminate against, or segregate any person or group of persons on the grounds of race, color, creed, religion, sex, sexual orientation, condition of Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related complex, marital status, national origin or ancestry or disability in the lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Leased Premises or the Improvements, nor shall Lessee, or any person claiming under or through Lessee, 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 Leased Premises. The foregoing covenant shall run with the land.

(a) Lessor shall be entitled to invoke any remedies available at law or in equity to redress any breach of this subsection or to compel compliance therewith by Lessee. The obligations of Lessee and Lessor to comply with Section 20.1(a) above shall inure to the benefit of each other.

Section 20.2 Section 3 Requirements. To the extent applicable, Lessee shall comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) ("**Section 3**") and implementing regulations at 24 CFR Part 135. The responsibilities outlined in 24 CFR Subpart B, § 135.32 include: (i) implementing procedures designed to notify Section 3 residents about training and employment opportunities generated by Section 3 covered assistance and Section 3 business concerns about contracting opportunities generated by Section 3 covered

assistance, (ii) notifying potential contractors for Section 3 covered projects of the requirements of Section 3 and incorporating the Section 3 clause set forth in 24 CFR Section 135.38 in all solicitations and contracts in excess of \$100,000, (iii) facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns by undertaking activities to reach the goals set forth in 24 CFR Section 135.30, (iv) assisting and actively cooperating with Lessor and HUD in obtaining the compliance of contractors and subcontractors with the requirements of Section 3, and refraining from entering into any contract with any contractor where the recipient has notice or knowledge that the contractor has been found in violation of the regulations in 24 CFR Part 135, and (v) documenting actions taken to comply with the requirements of Section 3, the results of those actions taken and impediments, if any.

Section 20.3 Covenants Binding Upon Successors. This Lease is a covenant running with the land and obligates Lessee and Lessor, and any successor who acquires title to the Lessee's Estate by foreclosure of a Leasehold Mortgage, to maintain and operate the Development in compliance with all applicable HUD Documents.

Section 20.4 Disclaimer of Partnership Status.

(a) Lessee and Lessor acknowledge that the lease of the Leased Premises to Lessee for the development and operation of the Development shall not be deemed to be an assignment of any funds provided by HUD to Lessor. Accordingly, neither Lessee, nor any other participating party, shall succeed to any rights or benefits of the Lessor under the HUD Documents. Lessee further agrees to include this disclaimer in each of its agreements or contracts with any partner, participating party, or any other party involving the use of HUD funds for the Development.

(b) Nothing contained in the HUD Documents, or in any agreement between Lessor and Lessee, nor any act of HUD or Lessor, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture.

Section 20.5 HUD Restrictions. Notwithstanding any other clause or provision in this Lease and so long as the Use Agreement is in effect, the following provisions shall apply:

(a) If any of the provisions of this Lease conflict with the terms of the Use Agreement, the provisions of the Use Agreement shall control; provided however, if this Lease or the Regulatory Agreement impose stricter rent restrictions than the Use Agreement, the provisions of this Lease and the Regulatory Agreement shall control with respect to such restrictions.

(b) The provisions in this Section are required to be inserted into this Lease by HUD and may not be amended without HUD's prior written approval.

(c) Violation of the Use Agreement constitutes an Event of Default of this Lease.

(d) Notwithstanding any other contract, document or other arrangement, upon termination of this Lease, title to the real property leased herein shall remain vested

in Lessor and title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Lessee shall vest in Lessor.

(e) Neither Lessee nor any of its members or partners shall have any authority to take any action in violation of the Use Agreement.

(f) Except to the extent permitted by the Use Agreement, neither Lessee nor any members or partners thereof shall have any authority without the consent of Lessor and HUD to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Leased Premises, the Improvements, or any part thereof.

Section 20.6 Form of Nondiscrimination and Nonsegregation Clauses. Lessee shall refrain from restricting the rental or lease of the Leased Premises and Improvements on 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. All leases and contracts pertaining to the Leased Premises or the Improvements shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In leases:

“(1) 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, subtenants, sublessees or vendees in the premises herein leased.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 4760 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

(b) In contracts:

“(1) 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, nor shall the transferee 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, subtenants, sublessees or vendees of the land.

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 4760 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to paragraph (1).”

Section 20.7 Reserved.

Section 20.8 Asbestos Notification for Commercial Property. Lessee acknowledges that Lessor has advised Lessee that, because of their age, the preexisting improvements, such as concrete on the Leased Premises may contain asbestos-containing materials (“ACMs”). If ACMs are likely to be disturbed in the course of constructing or rehabilitating any alterations, additions or improvements, Lessee shall encapsulate or remove the ACMs in accordance with an asbestos-removal plan reasonably approved by Lessor and otherwise in accordance with all applicable Hazardous Materials Laws, including giving all notices required by California Health & Safety Code Sections 25915-25919.7.

Section 20.9 Lead Warning Statement. Lessee acknowledges that Lessor has advised Lessee that the soils within the Leased Premises may contain lead-based paints (“LBP”). Lead from paint, paint chips and dust can pose health hazards if not managed properly. Lessee may at its sole cost and expense, have a state-certified LBP Inspector complete a LBP inspection and abatement and, if Lessee completes such inspection, shall provide an abatement certification to Lessor. Lessor has no specific knowledge of the presence of LBP in or about the Leased Premises.

Section 20.10 Reserved.

Section 20.11 Public Art. Lessee shall comply with all applicable provisions of the One-Percent for Public Art on Private Projects Program Ordinance (RMC Chapter 12.62).

[SIGNATURE PAGE FOLLOWS]

EXHIBIT A

LEASED PREMISES

The land referred to herein is situated in the County of Contra Costa, City of Richmond, State of California, and is described as follows:

Lots 7 through 10, inclusive and 19 through 22, inclusive and a portion of Lot 6 and Lot 23, Block 2, as shown on the map of "Nicholl MacDonald Avenue Civic Center, Richmond, California", which map was filed on October 29, 1912 in [Map Book 8, Page 190](#), Contra Costa County Records, more particularly described as follows:

Beginning at the intersection of the southerly line of Nevin Avenue and the easterly line of 24th Street (formerly Grand Blvd.) as said Nevin Avenue and Grand Blvd. are shown on said map; thence along said easterly line of said 24th Street, South 10°12'53" West, 141.90 feet to the point of beginning; thence South 79°45'00" East, 199.81 feet to the westerly line of 25th Street (formerly Elmer Ave) as shown on said map; thence along last said line, South 10°13'28" West, 108.00 feet to the most southerly corner of said Lot 19; thence along the southerly lines of said Lots 19 and 10, North 79°45'00" West, 199.79 feet to said easterly line of said 24th Street; thence along last said line, North 10°12'53" East, 108.00 feet to the point of beginning.

APN's: 515-261-010, 515-261-003, 515-261-002 and portion 515-261-001

EXHIBIT C

MEMORANDUM OF LEASE

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority of the City of Richmond
450 Civic Center Plaza, 2nd floor
Richmond, CA 94804
Attn: Executive Director

No fee for recording pursuant to
Government Code Sections 27383 and 27388.1

Mail Tax Statements as Directed Above

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

MEMORANDUM OF GROUND LEASE
(Nevin Plaza Phase II)

THIS MEMORANDUM OF GROUND LEASE (the "Memorandum"), dated for reference as of _____, 20__, is executed by and between the Housing Authority of the City of Richmond, a public body, corporate and politic ("Lessor"), and Nevin Plaza II, L.P., a California limited partnership ("Lessee") with respect to that certain Ground Lease Agreement (Nevin Plaza II) dated as of the date of this Memorandum (the "Lease") executed by and between Lessor and Lessee.

Pursuant to the Lease, Lessor hereby leases to Lessee and Lessee leases from Lessor certain improved real property situated in the City of Richmond, County of Contra Costa, California, more specifically described on Exhibit A attached hereto (the "Leased Premises").

The Commencement Date of the Lease shall be the date that this Memorandum is recorded in the Official Records of Contra Costa County. The Lease shall continue in effect until the day immediately preceding the ninety-ninth (99th) anniversary of the date of the recordation of this Memorandum.

This Memorandum incorporates all of the terms and provisions of the Lease as though fully set forth herein. This Memorandum is solely for recording purposes and shall not be construed to alter, modify, amend or supplement the Lease, of which this is a memorandum.

The Leased Premises are subject to that certain HUD Use Agreement by and among Lessor, Lessee, and the U.S. Department of Housing and Urban Development ("HUD") recorded concurrently herewith.

This Memorandum may be executed in counterparts.

IN WITNESS WHEREOF, the parties have caused this Memorandum to be duly executed as of the date first above written.

LESSOR:

HOUSING AUTHORITY OF THE CITY OF RICHMOND, a public body, corporate and politic

By: _____

Executive Director

LESSEE:

NEVIN PLAZA II, L.P., a California limited partnership

By: Nevin Plaza II EAH, LLC, a California limited liability company

Its: General Partner

By: EAH Inc., a California nonprofit public benefit corporation

Its: Sole member/manager

By: _____

Print Name: _____

Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

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

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

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

The land referred to herein is situated in the County of Contra Costa, City of Richmond, State of California, and is described as follows:

Lots 7 through 10, inclusive and 19 through 22, inclusive and a portion of Lot 6 and Lot 23, Block 2, as shown on the map of "Nicholl MacDonald Avenue Civic Center, Richmond, California", which map was filed on October 29, 1912 in [Map Book 8, Page 190](#), Contra Costa County Records, more particularly described as follows:

Beginning at the intersection of the southerly line of Nevin Avenue and the easterly line of 24th Street (formerly Grand Blvd.) as said Nevin Avenue and Grand Blvd. are shown on said map; thence along said easterly line of said 24th Street, South 10°12'53" West, 141.90 feet to the point of beginning; thence South 79°45'00" East, 199.81 feet to the westerly line of 25th Street (formerly Elmer Ave) as shown on said map; thence along last said line, South 10°13'28" West, 108.00 feet to the most southerly corner of said Lot 19; thence along the southerly lines of said Lots 19 and 10, North 79°45'00" West, 199.79 feet to said easterly line of said 24th Street; thence along last said line, North 10°12'53" East, 108.00 feet to the point of beginning.

APN's: 515-261-010, 515-261-003, 515-261-002 and portion 515-261-001

EXHIBIT D

SCHEDULE OF PERFORMANCE

Nevin Plaza II Schedule of Performance	
Not later than 30 days prior to the Commencement Date	Submit proposed Construction Contract, documents relating to Approved Financing, draft Partnership Agreement to Lessor
_____, 20__	Building permits approved
_____, 20__	Finalize construction numbers
_____, 20__	Close financing/start construction
_____, 20__	Construction Complete; City Building Department sign off following final inspection
_____, 20__	95% occupancy
_____, 20__	Conversion to Permanent Financing
_____, 20__	8609

EXHIBIT F

RESIDENT SELECTION PLAN

[Attach Plan.]

EXHIBIT G
ANNUAL OPERATING BUDGET
[Attach Operating Budget.]

EXHIBIT H

APPROVED FINANCING

“**Approved Financing**” means all of the following financing obtained by Lessee for the purpose of financing the development of the Improvements:

(i) A construction loan provided by _____ (“**Bank**”), in the approximate amount of \$_____ that will be funded through the issuance of tax-exempt multifamily housing revenue bonds issued by the [California Municipal Finance Authority (“**CMFA**”)];

(ii) A construction loan provided by Bank in the approximate amount of \$_____ that will be funded through the issuance of taxable bonds issued by CMFA;

(iii) A permanent loan provided by Bank in the approximate amount of \$_____;

(iv) Equity contributions in the approximate amount of \$_____ provided by the Limited Partner;

(v) A capital contribution from Lessee’s general partner in an amount to be determined.

EXHIBIT I
FIRST SOURCE HIRING AGREEMENT

[Attach Agreement.]

EXHIBIT J
REGULATORY AGREEMENT

[Attach Agreement.]

EXHIBIT L

FORM OF CERTIFICATE OF COMPLETION

Recording requested by
and when recorded mail to:

Housing Authority of the City of Richmond
450 Civic Center Plaza, 2nd floor
Richmond, CA 94804
Attn: Executive Director

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE §§6103, 27383

Space above this line for Recorder's use.

CERTIFICATE OF COMPLETION

This Certificate of Completion (this "**Certificate**") is made by the Housing Authority of City of Richmond, a public body corporate and politic ("**Authority**") effective as of _____, 20__.

A. Authority and Nevin Plaza II, L.P., a California limited partnership ("**Lessee**") entered into that certain Ground Lease Agreement dated as of _____, 20__ (the "**Ground Lease**") concerning the development and operation of certain improved real property located in the City of Richmond, Contra Costa County, California and more particularly described in Exhibit A attached hereto (the "**Property**"). A Memorandum of the Ground Lease was recorded in the Official Records of Contra Costa County ("**Official Records**") on _____, 20__, as Document No. _____. Capitalized terms used herein without definition shall have the meaning ascribed to such terms in the Ground Lease.

A. Pursuant to Section 3.7 of the Ground Lease, the Authority is required to furnish the Lessee or its successors with a Certificate of Completion upon completion of construction of the Improvements in accordance with the Ground Lease.

B. The Authority has determined that the construction of the Improvements has been satisfactorily completed in accordance with the Ground Lease.

NOW, THEREFORE, Authority hereby certifies as follows:

1. Construction of the Improvements has been satisfactorily completed in conformance with the Ground Lease.

2. All indemnity, use, maintenance, and nondiscrimination covenants contained in the Ground Lease shall remain in effect and enforceable in accordance with the Ground Lease. This Certificate does not constitute evidence of Lessee's compliance with those covenants in the Ground Lease that survive the issuance of this Certificate, including without limitation, compliance with the Affordable Housing Regulatory Agreement entered into pursuant to the Ground Lease and recorded in the Official Records on _____, 20__ as Document No. _____.

3. This Certificate does not constitute evidence of compliance with or satisfaction of any obligation of Lessee to any holder of a deed of trust securing money loaned to finance the Project or any part thereof, and does not constitute a notice of completion under California Civil Code Section 9204.

4. Nothing contained in this instrument shall modify any provisions of the Ground Lease or any other document executed in connection therewith.

IN WITNESS WHEREOF, Authority has executed and issued this Certificate of Completion as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF RICHMOND

a public body corporate and politic

By: _____ *FORM- DO NOT SIGN* _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California _____)

County of _____)

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

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Exhibit A

PROPERTY

The land referred to herein is situated in the County of Contra Costa, City of Richmond, State of California, and is described as follows:

Lots 7 through 10, inclusive and 19 through 22, inclusive and a portion of Lot 6 and Lot 23, Block 2, as shown on the map of "Nicholl MacDonald Avenue Civic Center, Richmond, California", which map was filed on October 29, 1912 in [Map Book 8, Page 190](#), Contra Costa County Records, more particularly described as follows:

Beginning at the intersection of the southerly line of Nevin Avenue and the easterly line of 24th Street (formerly Grand Blvd.) as said Nevin Avenue and Grand Blvd. are shown on said map; thence along said easterly line of said 24th Street, South 10°12'53" West, 141.90 feet to the point of beginning; thence South 79°45'00" East, 199.81 feet to the westerly line of 25th Street (formerly Elmer Ave) as shown on said map; thence along last said line, South 10°13'28" West, 108.00 feet to the most southerly corner of said Lot 19; thence along the southerly lines of said Lots 19 and 10, North 79°45'00" West, 199.79 feet to said easterly line of said 24th Street; thence along last said line, North 10°12'53" East, 108.00 feet to the point of beginning.

APN's: 515-261-010, 515-261-003, 515-261-002 and portion 515-261-001