AFFORDABLE HOUSING AGREEMENT

THIS AFFORDABLE HOUSING AGREEMENT (the "Agreement") is entered into this 9th day of December, 2010 by and among the **CITY OF BURBANK**, a California municipal corporation (the "City"), the **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**, a public body, corporate and politic (the "Agency"), and **BURBANK HOUSING CORPORATION**, a California nonprofit corporation (the "Developer").

RECITALS

A. The City has received funds from the HOME Investment Partnership Act of the United States, 42 U.S.C. §12701, *et seq.*, for the purpose of the rehabilitation and operation of housing affordable to lower, very low, and extremely low income families.

B. The Agency is required by California Health and Safety Code Section 33334.2, *et seq* , to expend a certain percentage of property taxes allocated to it for the purpose of increasing, improving and preserving the City of Burbank's supply of low- and moderate-income housing available at an affordable housing cost. Pursuant thereto, the Agency has established a Low and Moderate Income Housing Fund (the "Housing Fund").

C. The Developer is negotiating an agreement to purchase real property improved with seven (7) rental units located at 2234 North Catalina Street, in the City of Burbank (the "Property"), located on the land more particularly described in the Legal Description attached hereto as Exhibit A, and incorporated herein by reference.

D. City desires to provide financial assistance to Developer in the form of a loan of HOME funds up to the amount of One Million Ten Thousand Five Hundred Dollars ($1,010,500.00) (the "City Loan"), and the Agency desires to provide financial assistance to the Developer in the form of a loan of Housing Funds in the amount of Nine Hundred Twenty-Three Thousand Eight Hundred Dollars ($923,800.00) (the "Agency Loan"), towards acquisition and rehabilitation of the Property. In consideration for the City Loan and the Agency Loan, the Developer desires to acquire and rehabilitate the Property, and to maintain the Property as an affordable housing project.

E. The acquisition, rehabilitation and operation of the Property pursuant to this Agreement is in the vital and best interest of the City and the health, safety and welfare of the residents of the City, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

F. On March 21, 2006 Developer, the Agency, and City entered into a Loan Agreement which restated and amended prior Affordable Housing Agreements as to eleven (11) income-restricted projects. Subsequently seven (7) additional properties were added which either restated the Loan Agreement or amended it (157 West Linden Avenue/160 West Elm Court; 261 West Verdugo Avenue; 2219-2329 North Niagara Street, 2406 N. Naomi Street, 275 Verdugo Avenue, 2615 Thornton Avenue and 225 Linden Avenue). A new Master Loan Agreement includes cross collateralization and cross default clauses, as further security for the Agency and City. Additionally, a new deed of trust was recorded on all twelve projects securing the combined debt of Developer. The deed of trust recorded on October 25, 2006 as Instrument No. 06 2369323 in the Los Angeles County Recorders Office, states that it "secures all indebtedness owed to Beneficiary [City and

Agency] ....for future amounts made from time to time, according to the terms of promissory notes made by Trustor [BHC]" and as to "payment of additional sums and interest thereon which may hereafter be loaned to Trustor...when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust as modified, and when this Deed of Trust is amended to include additional obligation.

G. In conjunction with the approval of this Agreement, the parties have amended the Master Loan Agreement on December 9, 2010, the terms of which are incorporated herein by this reference.

NOW, THEREFORE, the parties hereto agree as follows:

100. CITY AND AGENCY ASSISTANCE

101. Agency Loan. The Agency agrees to loan to the Developer and the Developer hereby agrees to borrow from the Agency the amount of Nine Hundred Twenty Three Thousand Eight Hundred Dollars ($923,800.00) (the "Agency Loan"), subject to the terms and conditions set forth in this Agreement, the Loan Agreement, as amended, and the promissory notes attached hereto as Exhibit B, and amended deed of trust in substantially the form set forth as Exhibit C, and the "Regulatory Agreement," in substantially the form set forth in Exhibit D. The Agency Loan shall be disbursed to or on behalf of the Developer for the acquisition and rehabilitation of the Property, and other related expenses (escrow, title insurance, taxes, closing costs, permit fees, construction management fee, and a contingency allowance). The Agency Loan shall be disbursed to or on behalf of the Developer upon the satisfaction of the conditions set forth in Section 104 hereof.

The Developer Fee approved herein can only be used to further Developer's mission and goals, and for no other purposes. The Developer Fee shall be disbursed, in Agency's discretion over a five year period. Each January 1, the parties shall meet to assist Agency in its sole determination of the Developer Fee to be released, which release shall occur shortly thereafter. The obligation to pay this Developer Fee is subject to compliance with the conditions set forth in Section 104 hereof.

102. City Loan. Subject to the receipt of HUD approval, the City agrees to loan to the Developer and the Developer hereby agrees to borrow from the City the amount of One Million Ten Thousand Five Hundred Dollars ($1,010,500.00) (the "City Loan"), subject to the terms and conditions set forth in this Agreement, and subject further to the terms and conditions set forth within the documents and instruments executed by the Developer in connection with this transaction, including the note and deed of trust attached hereto as Exhibit "B" and "C" and the "Regulatory Agreement," in substantially the form set forth in Exhibit D and subject to the Master Loan Agreement. No interest shall accrue on the City Note, the term of which shall be fifty-five years from the date the City Loan Promissory Note is executed (the "Note Term"). Developer shall have no obligation to repay the City Loan or City Loan Promissory Note, or make any installment payments thereon, unless and until Developer commits a material default of this Agreement, the City Loan Promissory Note, City Loan Deed of Trust, or Regulatory Agreement, and fails to cure said default within the time periods provided in those documents, if any. Upon the occurrence of any uncured material default by the Developer, the City Loan shall be immediately repaid to the City. At the end of the Note Term, provided Developer has not committed or caused the occurrence of a material default of this Agreement, the City Loan Promissory Note, Deed of Trust, or the Regulatory Agreement, the City Loan shall be forgiven in its entirety and the City shall, upon the request by Developer, execute and record a partial reconveyance deed removing the portion of the deed of trust

attributable to the City Loan from title. The City Loan shall be disbursed to or on behalf of the Developer for (a) the remaining portion of the cost of the acquisition of the Property and (b) the cost of the Rehabilitation of the Property. If there are any remaining proceeds of the City Loan after the completion of the Rehabilitation, such proceeds shall be paid to the Agency in repayment of a portion of the Agency Loan. The City Loan shall be disbursed to or on behalf of the Developer upon the satisfaction of the conditions set forth in Section 104 hereof. The City Loan shall be junior in priority to and subordinate to the Agency Loan.

The Agency Loan and City Loan shall be used for the following:

Acquisition[1]	$885,000
Rehabilitation[2]	$494,300
Site Work	$103,200
Fees & Contingency	$197,500
Developer Fee	$254,300
Totals	**$1,934,300**

103. Reserved.

104. Conditions Precedent to Disbursement of Agency Loan and City Loan. The Agency Loan and the City Loan shall be disbursed to or on behalf of the Developer upon the satisfaction of the following conditions:

a. Execution and Delivery of Documents. Developer shall have executed and delivered into the escrow established for the acquisition of the Property this Agreement, the respective Promissory Notes, the Deed of Trust, the Regulatory Agreement, and any other documents and instruments required to be executed and delivered by Developer (collectively, the "Loan Documents"). The Agency Loan Deed of Trust shall be a first priority lien upon the Property, the City Loan Deed of Trust shall be a second priority lien upon the Property, and both shall be non-recourse obligations of the Developer.

b. Property Appraisal. City and Agency shall have conducted any appraisals of the Property and/or evaluations of market data which it desires, demonstrating to their satisfaction that the purchase price to be paid by the Developer for the Property is not greater than the fair market value of the Property.

c. Insurance. The Developer shall have presented a certificate to the City and Agency of the insurance policies which are required pursuant to this Agreement.

d. Title Insurance. If desired by the City and/or Agency, the requesting party or parties shall have received from a title insurance company approved by the requesting party or parties a policy of lender's title insurance with mechanic's lien coverage, together with such endorsements as the insured party may require, which shall insure the deed of trust of the requesting

[1] Less $10,000 in BHC equity and $5,000 termite credit Actual acquisition cost is $900,000
[2] Includes 10% contingency and 3% inflation allowances

party or parties as a valid lien upon the Property, in the lien priority required by this Agreement, and subordinate only to those liens and encumbrances reasonably approved by the insured party.

e. Title to Land. The Developer shall, as of the closing (which shall occur no later than six months from the date of this Agreement) and disbursement of the Agency Loan and City Loan (or if necessary, the Agency Temporary Loan), have good and marketable fee title to the Property, and there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than the liens for current real property taxes and assessments not yet due and payable, and any other matters approved in writing by the City and Agency.

f. Recordation. The Deed of Trust and the Regulatory Agreement shall be recorded against the Property concurrently with or prior to the time of the first disbursement of the Agency Loan and City Loan.

g. Request for Payment. For payment of Rehabilitation costs, Developer shall have submitted a request for payment to the City and Agency on a form supplied by the City and Agency, together with invoices from contractors and subcontractors and any other requested information and documents, indicating that the particular item of Rehabilitation work for which payment is being requested is complete.

h. Inspection of Work. For payment of Rehabilitation costs, the City shall have inspected the particular item of Rehabilitation work for which payment is being requested and shall have determined that such Rehabilitation work has been completed in accordance with this Agreement and has been completed in a satisfactory manner in accordance with the standards of the construction industry.

i. No Default. There shall exist no condition, event or act which would constitute an Event of Default (as hereinafter defined) hereunder or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default.

j. Representations and Warranties. All representations and warranties of Developer herein contained shall be true and correct.

105. Assumption of Agency Loan and City Loan. Except in connection with transfers approved or permitted pursuant to this Agreement, no Promissory Note may be assigned or assumed by successors and assigns of Developer. In no event, however, shall Promissory Note be assigned except in connection with the conveyance of the Property to the person or entity which acquires the Property, as approved by the Agency and City in its respective sole and absolute discretion.

106. Condition of the Property. The following requirements shall apply to the Property:

106.1 Indemnification. Developer shall save, protect, pay for, defend, indemnify and hold harmless the City and the Agency and their officers, employees, representatives and agents, from and against any and all liabilities, suits, actions, claims, demands, penalties, damages (including, without limitation, penalties, fines and monetary sanctions), losses, costs or expenses (including, without limitation, consultants' fees, investigation and laboratory fees, attorneys' fees and remedial and response costs) (the foregoing are hereinafter collectively referred to as "Liabilities") which may now or in the future be incurred or suffered by the City, Agency or their officers,

employees, representatives or agents by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Materials which is caused by Developer, or its agents, employees, representatives, agents, contractors or invitees.

106.2 Duty to Prevent Hazardous Material Contamination. During the Rehabilitation and operation of the Property, the Developer shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. The Developer shall notify the City and Agency, and provide to the City and Agency a copy or copies, of any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and the Developer shall report to the City and Agency, as soon as possible after each incident, any unusual, potentially important incidents in the event of a release of any Hazardous Materials into the environment.

106.3 Definitions.

For purposes of this Section 108, "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Property.

For purposes of this Section 108, "Hazardous Materials" means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, *et seq* (42 U.S.C. §6903) or (xii) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, *et seq*

200. REHABILITATION OF THE IMPROVEMENTS.

201. Rehabilitation of the Property. The Developer agrees to rehabilitate the Property in accordance with the Scope of Work, attached hereto as Exhibit E and incorporated herein by reference, the Federal Housing Quality Standards, 24 CFR §882.109, the City Municipal Code and all other applicable state and local codes, rehabilitation standards, ordinances and zoning ordinances, the lead based paint requirements of 24 CFR part 35, and accessibility standards pursuant to 24 CFR part 8 (the "Rehabilitation"). The Rehabilitation shall be conducted in such a manner so as to avoid or minimize tenant displacement to the greatest extent feasible, in accordance with the provisions of Section 209.2 hereof. The Developer further agrees to comply with and to cause any contractors and/or subcontractors to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 170u, and the implementing regulations, in connection with the Rehabilitation of the Property. Developer shall submit to the City and Agency one or more construction contracts with a duly licensed contractor or contractors reasonably acceptable to the City and Agency providing for the Rehabilitation of the Property in conformance with the terms of this Agreement. Each such contractor or contractors shall have provided to the City and Agency the certification in appendix B of 24 CFR part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from this project, and the City and Agency shall be responsible for determining whether each contractor has been debarred. The City and Agency shall reasonably approve such contract or contracts if the City and Agency finds that such contractor or contractors have sufficient experience and expertise necessary to perform the Rehabilitation of the Property in a first class manner in accordance with all of the requirements of this Agreement.

202. Scope of Work. The City and Agency shall not be responsible to the Developer or to third parties in any way for any defects in the Scope of Work, nor for any structural or other defects in any work done according to the approved Scope of Work. The Developer shall hold harmless, indemnify and defend the City and the Agency and their officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the Scope of Work, including without limitation the violation of any laws, and for defects in any work done according to the approved Scope of Work.

203. Cost of Rehabilitation. The Rehabilitation of the Property shall be paid with the proceeds of the Agency Loan. The Developer shall be responsible for any additional funds necessary to complete the Rehabilitation of the Property; provided, however, that in the event that there are insufficient Loan proceeds available to fund such work, the Agency shall reasonably consider deleting certain work from the Scope of Work, and the Developer shall accelerate payment of all or a portion of the Developer Fee, in order to assure that there are sufficient funds for the Rehabilitation.

204. Timing of Rehabilitation. The Developer hereby covenants and agrees to commence the Rehabilitation of the Property within the time set forth in the Schedule of Performance, attached hereto as Exhibit F and incorporated herein by reference. The Developer further covenants and agrees to diligently prosecute to completion the Rehabilitation of the Property in accordance with the approved Scope of Work and to file a Notice of Completion pursuant to California Civil Code Section 3093 within the time set forth in the Schedule of Performance.

205. City and Other Governmental Permits. Before commencement of the Rehabilitation of the Property, the Developer shall secure or cause its contractor to be secured any and all permits which may be required by the City or any other governmental agency affected by

such construction, including without limitation building permits. The Developer shall pay all necessary fees and take all actions necessary to obtain such permits; the staff of the City and Agency will, without obligation to incur liability or expense therefor, use its best efforts to expedite the City's issuance of building permits for construction that meets the requirements of the City Code, and all other applicable laws and regulations.

206. Right of the City and Agency to Satisfy Other Liens on the Property After City Loan Disbursement. After the Developer has had written notice and has failed after a reasonable time to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Property which are not otherwise permitted under this Agreement, the City and the Agency shall have the right but no obligation to satisfy any such liens or encumbrances. Notwithstanding the above, the Developer shall have the right to contest the validity or amounts of any tax, assessment, or encumbrance applicable to the Developer in respect thereto.

207. Insurance and Indemnity. The Developer shall take out and maintain or shall cause its contractor to take out and maintain until the issuance of the Certificate of Completion pursuant to this Agreement, a comprehensive general liability policy in the amount of not less than Two Million Dollars ($2,000,000) combined single limit policy. All policies shall protect the Developer, City and Agency from claims for such damages, and be issued by an insurance carrier qualified to do business in the State of California, which carrier is reasonably satisfactory to the Agency. Such policy or policies shall be written on an occurrence form. Developer shall also take out and maintain a policy of property damage insurance, with the policy amount in the full replacement value of the Property. The Developer shall also furnish or cause to be furnished to the City and Agency evidence satisfactory to the City and Agency that Developer and any contractor with whom it has contracted for the performance of work on the Property or otherwise pursuant to this Agreement carries workers' compensation insurance as required by law. Prior to the Closing of the Developer's acquisition of the Property, upon any procurement or renewal of an insurance policy, and not less than annually in any case, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the City and Agency setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and the Agency and their respective officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status, which shall be provided as a separate endorsement attached to the certificate. The certificate and separate endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify City and the Agency of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by the Developer shall be primary insurance and not be contributing with any insurance maintained by the Agency or City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City and the Agency. The required certificate shall be furnished by the Developer at the time set forth therefor in the Schedule of Performance. Developer shall also take out and maintain from the date of the Closing until the end of the Affordability Period a policy of property damage insurance, with the policy amount in the full replacement value of the Property.

In addition to the foregoing, the Developer shall defend, indemnify, assume all responsibility for, and hold the Agency and the City, and their representatives, volunteers, officers, employees and agents, harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation thereof and for

any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which may be caused by any acts or omissions of the Developer under this Agreement, whether such activities or performance thereof be by the Developer or by anyone directly or indirectly employed or contracted with by the Developer and whether such damage shall accrue or be discovered before or after termination of this Agreement. The Developer shall not be liable for property damage or bodily injury to the extent occasioned by the sole negligence of the Agency or City or its agents or employees.

208. Entry by the City and Agency. Developer shall permit the City and the Agency, through their officers, agents or employees, at all reasonable times to enter onto the Property and inspect the Property and work of Rehabilitation to determine that the same is in conformity with the Scope of Work and all the requirements hereof. The City and Agency intend that the Property will be inspected not less than annually to ensure compliance with the requirements of this Agreement. Developer acknowledges that the City or Agency is under no obligation to supervise, inspect, or inform Developer of the progress of construction, and Developer shall not rely upon the City or Agency therefor. Any inspection by the City and/or Agency is entirely for its purposes in determining whether Developer is in default under this Agreement and/or compliance with City building codes and is not for the purpose of determining or informing Developer of the quality or suitability of construction. Developer shall rely entirely upon its own supervision and inspection in determining the quality and suitability of the materials and work, and the performance of architects, subcontractors, and material suppliers.

209. Compliance with Laws. The Developer shall carry out the acquisition, design, Rehabilitation and operation of the Property in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq* , Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq*.

209.1 Taxes and Assessments. The Developer shall be entitled to apply for and receive a full or partial exemption from the payment of property taxes and assessments which would be assessed upon the Property. The Agency does not represent or warrant to the Developer that such an exemption will be available to the Developer. The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Property, subject to the Developer's right to contest in good faith any such taxes or to receive an exemption from the payment of such taxes as provided above.

209.2 Relocation.

a. Timing of Rehabilitation. The Rehabilitation of the Property shall be conducted in such a manner as to prevent, to the maximum extent feasible, any permanent or temporary displacement of existing tenants of the Property in accordance with applicable law. In the event that any of the current tenants of the Property vacate their units voluntarily, or are evicted for cause based upon a serious or repeated violation of the terms of their lease or occupancy agreement, the Developer shall commence the Rehabilitation of such unit as soon as possible thereafter consistent with the Schedule of Performance, and shall not re-lease such unit until after the completion of the Rehabilitation of such unit.

b. Cost of Relocation. In the event that any displacement of tenants of the Property occurs, the City shall provide relocation assistance in accordance with the Federal Uniform Relocation Assistance and Real Property Acquisition Act, 42 U.S.C. § 4201, *et seq.*, the California relocation law, Government Code Section 7260, *et seq.*, and the regulations adopted pursuant thereto by the United States, State of California and the City (collectively, the "Relocation Laws"), and in a manner approved by the City and Agency to each tenant household required to temporarily or permanently vacate a unit within the Property for purposes of completing the Rehabilitation. In the event of permanent displacement of existing tenants due to the implementation of this Agreement, despite the Developer's efforts to prevent such displacement as provided above, the City and Agency shall be fully responsible for administering determinations of eligibility and payments pursuant to the Relocation Laws.

209.3 Liens and Stop Notices. The Developer shall not allow to be placed on the Property or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Property the Developer shall within thirty (30) days of such recording or service or within five (5) days of the demand of the City or Agency, whichever last occurs: pay and discharge the same; or effect the release thereof by recording and delivering to the City and Agency a surety bond in sufficient form and amount, or otherwise; or provide the City with other assurance which the City and Agency deem, in their sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of City and Agency from the effect of such lien or bonded stop notice.

209.4 HOME Program Requirements. The City Loan will be provided through funds provided to the City from the HOME Investment Partnership Act, 42 U.S.C. § 12701, *et seq.*, as it now exists and as it may hereafter be amended, pursuant to the implementing regulations set forth at 24 CFR 92, as they now exist and as they may hereafter be amended (the "HOME Program"). Accordingly, the Developer shall comply with all applicable requirements of the HOME Program, as it now exists or may hereafter be amended. Specifically, without limitation, as applicable, the Rehabilitation shall comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. §327a - 332) and other federal laws and regulations pertaining to labor standards. Upon request, the City shall provide to the Developer a copy of applicable HOME Program requirements.

300. OPERATION OF HOUSING

301. Affordable Units. The Developer agrees to make available, restrict occupancy to, and lease at an Affordable Rent (the "Affordable Units"):

> Two (2) of the housing units within the Property to households with incomes that do not exceed the stricter of (i) the qualifying limits for Extremely-Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or (ii) the limits defined under California Health and Safety Code Section 50106 for Extremely-Low Income Households, adjusted for household size;
>
> Two (2) of the housing units within the Property to households with incomes that do not exceed the stricter of: (i) the qualifying limits for Very-Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or (ii) the limits defined under California

Health and Safety Code Section 50105 for Very-Low Income Households, adjusted for household size; and

Three (3) of the housing units within the Property to households with income that do not exceed the stricter of: (i) the qualifying limits for Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or (ii) the limits defined under California Health and Safety Code Section 50079.5 for Low-Income Households, as adjusted for households size.

The Developer shall comply with the terms set forth below and in the Regulatory Agreement which is attached hereto as Exhibit D and incorporated herein by reference. Any variation from these requirements must comply with the procedure set forth in Section 390 of this Agreement.

The Developer shall annually submit to the City and the Agency a completed income computation and certification form, in a form to be provided by the City and Agency, and such forms may change from time to time. The Developer shall certify that each tenant of the Property meets the income restrictions of this Section 301. The Developer shall obtain an income certification from the tenant of the Property which shall certify that the income of the tenant is truthfully set forth in the income certification form. Unless otherwise specified by the Agency or City, the Developer shall verify the income certification of the tenant in accordance with HUD or HCD regulations which may include one or more of the following methods:

a. obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods, if any.

b. obtain a true copy of an income tax return from the tenant for the most recent tax year in which a return was filed.

c. obtain an income verification certification from the employer of the tenant.

d. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies.

e. obtain an alternate form of income verification reasonably requested by the Developer, if none of the above forms of verification is available to the Developer.

The Property shall be subject to the requirements of this Article 300 in perpetuity commencing upon the date of the Developer's acquisition of the Property. The duration of this requirement shall be known as the "Affordability Period."

302. Affordable Rent. The maximum Monthly Rent chargeable to income eligible households shall be annually determined by the City and Agency in accordance with the HOME Program requirements, Community Redevelopment Law requirements. The maximum rent that the Developer may change any household occupying an affordable unit shall meet the following requirements:

a. The Monthly Rent payable by a tenant who meets the income limits for extremely-low income households shall not exceed the lesser of: a.) HOME program Low HOME income rents as established and amended annually by the United States Department of Housing and Urban Development (HUD), adjusted for number of bedrooms in the unit, as well as the reasonable monthly utility allowance; or b.) the extremely-low income rents set forth in Health & Safety Code Section 50106 based on the methodology established by the California Housing and Community Development Department (HCD), adjusted for number of bedrooms in the unit, less the reasonable monthly utility allowance.

b. The Monthly Rent payable by a tenant who meets the income limits for very-low income households shall not exceed the lesser of: a.) HOME program Low HOME income rents as established and amended annually by the United States Department of Housing and Urban Development (HUD), adjusted for number of bedrooms in the unit, as well as the reasonable monthly utility allowance; or b.) the very-low income rents set forth in Health & Safety Code Section 50053 and Section 50106 for extremely low income households based on the methodology established by the California Housing and Community Development Department (HCD), adjusted for number of bedrooms in the unit, less the reasonable monthly utility allowance

c. The Monthly Rent payable by a tenant who meets the income limits for Low Income Households shall not exceed the lesser of: a.) HOME program High HOME income rents as established and amended annually by the United States Department of Housing and Urban Development (HUD), adjusted for number of bedrooms in the unit, as well as the reasonable monthly utility allowance; or b.) the Low income rents set forth in Health & Safety Code Section 50053 based on the methodology established by the California Housing and Community Development Department (HCD), adjusted for number of bedrooms in the unit, less the reasonable monthly utility allowance.

d. Notwithstanding the foregoing, however, if after the tenant's initial occupancy of the housing unit, the tenant's income increases to greater than the qualifying limits set forth above, the Monthly Rent charged by Developer shall not exceed thirty percent (30%) of the tenant's adjusted income.

e. For purposes of this Agreement, "Monthly Rent" means the total of monthly payments for (a) use and occupancy of the Property and land and required facilities associated therewith (including parking), (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

303. Lease Requirements. Prior to disbursement of the City Loan, the Developer shall submit a standard lease form to the City for its approval. The City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the HOME Program and the HOME Regulations. The Developer shall enter into a written lease, in the form approved by the City, with each tenant of the Property. No lease shall contain any of the provisions which are prohibited pursuant to Section 92.253 of the HOME Regulations.

304. Affirmative Marketing. The rental of the Affordable Units shall be conducted in accordance with the affirmative marketing requirements which have been adopted by the City and the requirements of Section 92.351, or successor regulation, of the HOME Regulations and other applicable HOME Program requirements.

305. Selection of Tenants. The Property shall be leased to tenants selected by the Developer who meet all of the requirements provided herein. The Developer shall adopt a tenant selection system in conformance with Section 92.253(c) of the HOME Regulations, which shall be approved by the City in its reasonable discretion, which establishes a chronological waiting list system and/or random lottery system for selection of tenants. The Developer shall not refuse to lease to a holder of a certificate of family participation under 24 CFR part 882 (Rental Certificate Program) or a rental voucher under 24 CFR part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a HOME Program, Section 8 program or other tenant-based assistance program, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

306. Affordability Period. Affordability Period means the duration of the affordable housing requirements which are set forth in this Agreement and the Regulatory Agreement. The project shall be subject to the requirements herein in perpetuity commencing upon the completion of the rehabilitation. For purposes of this Section, "in perpetuity" means the useful life of the Property with the land use controls imposed, but not less than fifty-five (55) years. The duration of this requirement shall be known as the "Affordability Period."

307. Occupancy Standards. To the extent legally possible, occupancy of the Affordable Units shall be limited to two persons per bedroom plus one additional person. Notwithstanding the foregoing, however, no residents of the Affordable Units as of the date of this Agreement shall be evicted from their apartment units solely because such residents do not meet the occupancy standards requirements of this Section 307.

308. Maintenance. The Developer shall maintain or cause to be maintained the interior and exterior of the Property in a decent, safe and sanitary manner, in accordance with the HUD Housing Quality Standards and the maintenance standards required by Section 92.251 of the HOME Regulations, the standard of maintenance of similar housing units within Los Angeles County, California, and the standards required by the City Municipal Code. If at any time Developer fails to maintain the Property in accordance with this Agreement and such condition is not corrected within five days after written notice from the City or Agency with respect to graffiti, debris, waste material, and general maintenance, or thirty days after written notice from the City or Agency with respect to landscaping and building improvements, then the City and Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the Property and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the City or Agency and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to the City or Agency, as appropriate, upon demand.

309. Management Plan. The Developer shall submit for the approval of the City and Agency a "Management Plan" which sets forth in detail the Developer's property management duties, the affirmative marketing procedures in accordance with Section 304 hereof, the tenant

selection process in accordance with Section 305 hereof, a security system and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the Property and manner of enforcement, a standard lease form in accordance with Section 303 hereof, the identity of the manager of the Property (the "Property Manager"), and other matters relevant to the management of the Property. The Management Plan shall require the Developer to adhere to a fair lease and grievance procedure and provide a plan for tenant participation in management decisions. The management of the Property shall be in compliance with the Management Plan which is approved by the City and Agency.

If the City or Agency determines that the performance of the Property Manager is deficient based upon the standards set forth in the Management Plan and in this Agreement, the City and/or Agency shall provide notice to the Developer of such deficiencies, and the Developer shall use its best efforts to correct such deficiencies. In the event that such deficiencies have not been cured within the time set forth in Section 401 hereof, the City and the Agency shall each have the right to require the Developer to immediately remove and replace the Property Manager with another property manager or property management company which is reasonably acceptable to the City and Agency, which is not related to or affiliated with the Developer, and which has not less than five (5) years experience in property management, including significant experience managing affordable multifamily residential development of the size, quality and scope of the Property.

310. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Section 92.508 (or successor regulation) of the HOME Regulations and Health and Safety Code Section 33418 and shall annually complete and submit to City and Agency a Certification of Continuing Program Compliance in the form provided by the City and Agency. Representatives of the City and Agency shall be entitled to enter the Property, upon at least twenty-four (24) hours notice, to monitor compliance with this Agreement, to inspect the records of the Property, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the City and Agency in making the Property available for such inspection or audit. If for any reason the City or Agency is unable to obtain the Developer's consent to such an inspection or audit, the Developer understands and agrees that the City and Agency may obtain at Developer's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. Developer agrees to maintain records in businesslike manner, and to maintain such records for the term of this Agreement.

311. Non-Discrimination Covenants. Developer covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. Developer shall also comply with the equal opportunity and fair housing requirements set forth in Section 92.350 of the HOME Regulations. The covenants established in this Section 311 shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City and Agency and their successors and assigns, and shall remain in effect in perpetuity.

312. Regulatory Agreement. The requirements of this Agreement which are applicable after the disbursement of the City Loan and Agency Loan are set forth in the "Regulatory Agreement" which is attached hereto as Exhibit D and incorporated herein by reference. The execution and recordation of the Regulatory Agreement is a condition precedent to the disbursement of the Agency Loan and the City Loan, as set forth in Section 106 hereof.

390. Leasing Affordable Units Below Income Level Designations. In the event Developer is unable to lease an Affordable Unit at its designated income level, Developer may submit a request to the Agency's Executive Director, or its designee, to lease a particular Affordable Unit at a level that is below the agreed unit designation set forth in Section 301 of this Agreement. The Executive Director, or its designee, may, in his or her sole discretion, approve such requests upon making a finding that, for a period of not less than ninety (90) days, Developer has made all reasonable efforts to market the Affordable Unit to prospective tenants at the designated income level, that there are no apparent qualified applicants at the designated income level, and that there are no significant financial impacts to the project. The Executive Director, or its designee, may authorize one or more lower income designations. The new tenants for the temporarily redesignated Affordable Unit must have a household income that meets the appropriate income designation (depending on the unit redesignation) as set forth below:

a.) Extremely-Low Income Households ("Extremely-Low Income Households") that do not exceed the following: i) the qualifying limits for Extremely-Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or ii) the limits defined under California Health and Safety Code Section 50106 for Extremely-Low Income Households, adjusted for household size.

b.) Very-Low Income Households ("Very-Low Income Households") that do not exceed the following: i) qualifying limits for Very-Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or ii) the limits defined under California Health and Safety Code Section 50105 for Very-Low Income Households, adjusted for household size; and includes Extremely-Low Income Households..

c.) Low-Income Households ("Low-Income Households") that do not exceed the following : i) the qualifying limits for Low-Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or ii) the limits defined under California Health and Safety Code Section 50053 for Low-Income Households, as adjusted for households size; and includes Extremely Low and Very-Low Income Households.

In order to maintain the household income mix set forth in Section 301 above, Developer shall lease the next available Affordable Unit at the income level subject to the any waiver granted pursuant to this section. Developer shall re-apply for approval to vary from such designation, in the event Developer is unable to again lease an Affordable Unit at the designated income level.

400. DEFAULT AND REMEDIES

401. Events of Default. A failure by any party to perform any action or covenant required by this Agreement, the Regulatory Agreement, the Agency Loan Promissory Note, the City Loan

Promissory Note, the Agency Loan Deed of Trust, and/or the City Loan Deed of Trust, within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default" under this Agreement. A party claiming a Default shall give written notice of Default to the other parties specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party cures such default within five (5) days if the claimed Default is a failure to pay amounts due pursuant to the Agency Loan Promissory Note or the City Loan Promissory Note, or thirty (30) days from receipt of such notice for all other claimed Defaults hereunder. However, in the event that such Default is other than a failure to pay money and is of such a nature that it cannot reasonably be cured within thirty (30) days from receipt of such notice, the claimant shall not institute any proceeding against the other party, and the other party shall not be in Default if such party immediately upon receipt of such notice, with due diligence, commences to cure, correct or remedy such failure or delay and completes such cure, correction or remedy with diligence as soon as reasonably possible thereafter. In the event that the Developer is in default on any loan or deed of trust, the Developer shall immediately deliver to the City and Agency a copy of such notice of default. Even if the holder of such loan or deed of trust has not exercised its rights or remedies with respect to such default, the City and Agency shall each have the right (but not be obligated to) cure such default. In such event, the City and Agency shall be entitled to reimbursement from the Developer of all costs and expenses they have actually incurred in curing such default. The City or Agency (as applicable) shall be entitled to add the amount incurred by it to the amounts owing pursuant to the Agency Loan Promissory Note or the City Loan Promissory Note, and secured by the Agency Loan Deed of Trust or the City Loan Deed of Trust.

402. Remedies. The occurrence of any Event of Default shall give the nondefaulting party the right to proceed with any and all remedies set forth in this Agreement and/or the Agency Loan Promissory Note, the City Loan Promissory Note, the Agency Loan Deed of Trust, the City Loan Deed of Trust or Regulatory Agreement (collectively, the "Loan Documents"), including an action for damages, an action or proceeding at law or in equity to require the defaulting party to perform its obligations and covenants under the Loan Documents or to enjoin acts or things which may be unlawful or in violation of the provisions of the Loan Documents, and the right to terminate this Agreement. In addition, the occurrence of any Event of Default by Developer will relieve the City and Agency of any obligation to perform hereunder, including without limitation to make or continue the City Loan and Agency Loan, and the right to cause all indebtedness of the Developer to the City under this Agreement and the Agency Loan Promissory Note and the City Loan Promissory Note, together with any accrued interest thereon, to become immediately due and payable.

403. Force Majeure. Subject to the party's compliance with the notice requirements as set forth below, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the party claiming an extension of time to perform, which may include the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other party, or acts or failures to act of any public or governmental entity (except that the acts or failure to act of the City or Agency shall not excuse performance of the City or Agency hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause.

Inability to obtain financing for the acquisition or operation of the Property shall not constitute an event beyond the control of the Developer for purposes of this Section 403.

404. Attorneys' Fees. In addition to any other remedies provided hereunder or available pursuant to law, if either party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder or under any of the Loan Documents, the prevailing party shall be entitled to recover from the other party its costs of suit and reasonable attorneys' fees.

405. Remedies Cumulative. No right, power, or remedy given by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise.

406. Waiver of Terms and Conditions. Any party may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

407. Non-Liability of City and Agency Officials and Employees. No member, official, employee or agent of the City or Agency shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or Agency or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

500. GENERAL PROVISIONS

501. Time. Time is of the essence in this Agreement.

502. Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice:

Developer: Burbank Housing Corporation
1819 Grismer Avenue
Burbank, California 91504
Attn: Executive Director

City: City of Burbank
275 East Olive Avenue
P.O. Box 6459
Burbank, California 91510-6459
Attention: Community Development Director

Agency: Redevelopment Agency of the City of Burbank
275 East Olive Avenue
P.O. Box 6459
Burbank, California 91510-6459
Attention: Assistant Executive Director

Such addresses may be changed by notice to the other party given in the same manner as provided above.

503. Representations and Warranties of Developer. Developer hereby represents and warrants to the City as follows:

a. Organization. Developer is a duly organized, validly existing nonprofit corporation 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 Developer. Developer has full power and authority to execute and deliver this Agreement and to make and accept the borrowings contemplated hereunder, to execute and deliver the Loan Documents and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, to acquire, Rehabilitate and operate the Property, and to perform and observe the terms and provisions of all of the above.

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

d. Pending Proceedings. Developer 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 Developer, threatened against or affecting Developer or the Property, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Developer, materially affect Developer's ability to repay the City Loan and/or the Agency Loan or impair the security to be given to the City and/or Agency pursuant hereto.

e. Layering Review. The Developer acknowledges that a layering review was performed in accordance with 24 CFR 92.250 (b). The Developer hereby represents and certifies to the City that no government assistance other than the City Loan and the Agency Loan has been obtained or is contemplated to be obtained for the acquisition and rehabilitation of the Property. The Developer agrees to notify the City and Agency in the event that it applies for or proposes to use other governmental funds for the Property prior to the end of the Affordability Period.

504. Limitation Upon Change in Ownership, Management and Control of the Developer.

a. Prohibition. The identity and qualifications of Developer as a locally based, experienced and successful operator of affordable housing projects, and as a "Community Housing Development Organization" (as defined in the HOME Program regulations), are of particular concern to the City and Agency. It is because of this identity and these qualifications that the City and Agency have entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement by assignment or otherwise, nor shall Developer make any total or partial sale, transfer, conveyance, encumbrance to secure financing, assignment or lease of the whole or any part of the Property, without the prior written approval of the City and Agency pursuant to Subparagraph (c) hereof, except as expressly set forth herein, which approval shall not be unreasonably withheld.

b. Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, City and Agency approval of an assignment or transfer of this Agreement, the City Loan, the Agency Loan and the Promissory Notes, the Deed of Trust, the Regulatory Agreement, or conveyance of the Property or any part thereof pursuant to subparagraph (c) of this Section 504, shall not be required in connection with any of the following (the "Permitted Transfers"):

(i) Subject to the restrictions of Sections 301 through 311 of this Agreement and the Regulatory Agreement, the lease of units within the Property to qualified tenants.

(ii) Assignment for financing purposes, subject to such financing being considered and approved by the City and Agency.

In the event of an assignment by Developer not requiring the prior approval of the City and Agency, Developer nevertheless agrees that at least ten (10) days prior to such assignment or transfer it shall give written notice to City and Agency of such assignment or transfer.

c. City and Agency Consideration of Requested Transfer. The City and Agency agree that they will not unreasonably withhold approval of a request made pursuant to this Section 504, provided (a) the Developer delivers written notice to the City and Agency requesting such approval, and (b) the proposed assignee or transferee possesses comparable operational experience and capability, and comparable net worth and resources, as the proposed transferor or assignor, and (c) the assignee or transferee assumes the obligations of the Developer under this Agreement in a form which is reasonably acceptable to the City and Agency, and (d) the assignee or transferee is a Community Housing Development Organization. Such notice shall be accompanied by evidence regarding the proposed assignee's or purchaser's qualifications and experience and its financial commitments and resources sufficient to enable the City and Agency to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 504(c) and other criteria as reasonably determined by the City and Agency. The City and Agency shall approve or disapprove the request within thirty (30) days of its receipt of the Developer's notice and all information and materials required herein. In no event, however, shall the City or Agency be obligated to approve the assignment or transfer of the City Loan, the Agency Loan, Promissory Notes or Deed of Trust pursuant to this Section 504, except to an approved transferee or assignee of the Developer's rights in and to the Property.

d. Successors and Assigns. This Agreement shall run with the land, and all of the terms, covenants and conditions of this Agreement shall be binding upon the Developer and the permitted successors and assigns of the Developer. Whenever the term "Developer" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

505. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the City, the Agency and Developer and their permitted successors and assigns, and no other person or persons shall have any right of action hereon.

506. Partial Invalidity. If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

507. Governing Law. This Agreement and the Loan Documents and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto.

508. Amendment. This Agreement may not be changed orally, but only by agreement in writing signed by Developer, City and Agency.

509. Approvals. Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the City, such approval may be given on behalf of the City by the City Manager or his or her designee. The City Manager or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement on behalf of the City, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement, revisions to the Schedule of Performance, and amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the City hereunder. Where this Agreement requires an approval or consent of the Agency, such approval may be given on behalf of the Agency by the Agency Executive Director or his or her designee. The Agency Executive Director or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement on behalf of the Agency, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement, revisions to the Schedule of Performance, and amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the Agency hereunder.

510. Exhibits if executed. When Exhibits are executed as if an original document, then it will be assumed that the intent of the signatory was that such exhibit be treated as a stand alone original, and not merely as an exhibit.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

DEVELOPER:

BURBANK HOUSING CORPORATION, a California nonprofit corporation

By: _____
Peter J. McGrath, President

CITY:

CITY OF BURBANK, a California municipal corporation

By: _____
Greg Herrmann, Community Development Director

ATTEST:

_____
Margarita Campos, CMC, City Clerk

Approved as to Form and Legal Content
Dennis A. Barlow, City Attorney/Agency Counsel

_____
By: Joseph H. McDougall, Sr. Asst. City Attorney

AGENCY:

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, a public body, corporate and politic

By: _____
Greg Herrmann, Assistant Executive Director

ATTEST:

Margarita Campos, CMC, Agency Secretary

Approved as to Form and Legal Content
Dennis A. Barlow, City Attorney/Agency Counsel

By: Joseph H. McDougall, Sr. Asst. City Attorney

EXHIBIT A

LEGAL DESCRIPTION

That real property located in the State of California, County of Los Angeles, City of Burbank, and described as follows:

LEGAL DESCRIPTION OF 2234 NORTH CATALINA STREET, BURBANK, CALIFORNIA.

LOT 79 OF TRACT NO. 9443 IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 144, PAGES 5 AND 6 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT B

PROMISSORY NOTES

[See the pages that follow]

PROMISSORY NOTE
(AGENCY)

(2234 North Catalina Street, Burbank, California)

$923,800.00

_____, 2010
Burbank, California

FOR VALUE RECEIVED, BURBANK HOUSING CORPORATION, a California nonprofit corporation ("Borrower"), promises to pay to the **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK,** a public body, corporate and politic (the "Agency"), or order, at the Agency's office at 275 East Olive Avenue, Burbank, California 91510-6459, or such other place as the Agency may designate in writing, the principal sum of Nine Hundred Twenty-Three Thousand Eight Hundred Dollars ($923,800.00) (the "Note Amount"), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Promissory Note (the "Note") is given in accordance with that certain Affordable Housing Agreement executed by the Agency, the City of Burbank and the Borrower, dated as of _____, 2010 (the "Agreement") and the Master Loan Agreement dated December __, 2010, each of which is incorporated herein by this reference. The rights and obligations of the Borrower and the Agency under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. In the event of any conflict, the Master Loan Agreement prevails, then the Affordable Housing Agreement, then the Promissory Note.

2. Interest. Upon receipt of the Notice of Completion, The Note Amount shall accrue interest at the rate of three percent (3%) simple interest over fifty-five (55) years. Any balance of the Note shall be due in full on the anniversary date in the 55th year. If affordability requirements are extended, the terms of the loan may be extended as well.

3. Repayment of Note Amount. Borrower shall make an annual payment equal to one hundred percent (100%) of the "Residual Receipts", as hereafter defined, unless payments are accelerated in accordance with the Note. Upon receipt of the Notice of Completion, the first residual receipt payment and compliance date shall be April 1, 2012, as set forth below, and continuing every year thereafter until payment has occurred in full. If affordability requirements are extended, the terms of the loan may be extended as well.

4. Security. This Note shall be secured by the Deed of Trust recorded as Instrument No. 06 2369323 in Official Records of the Los Angeles County Recorders Office on October 25, 2006. A second Deed of Trust, which incorporated the initial deed of trust and which reflects the additional security shall be recorded on the property described in the Agreement. The underlying loan requires that the property act as security for all of the Notes provided to Agency and City by Borrower through a cross collateralization and cross default provision. A default of this Note could result in foreclosure of all projects identified in the

October 25, 2006 Deed of Trust, plus the new properties identified in the supplemental Deed of Trust, and any future properties which secure future indebtedness.

5. Waivers

a. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at the Agency's sole discretion and that the Agency may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

b. No extension of time for payment of this Note made by agreement by the Agency with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

c. The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

6. Attorneys' Fees and Costs. Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Deed of Trust Acceleration. The Deed of Trust and the Agreement provide for acceleration of the payments due under this Note in the event of default under the Deed of Trust or Agreement.

8. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Borrower and by the Agency.

9. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement and the Master Loan Agreement.

BURBANK HOUSING CORPORATION, a California nonprofit corporation

By: _____

Name: _____

Title: _____

PROMISSORY NOTE
(CITY)

(2234 North Catalina Street, Burbank, California)

$1,010,500.00 _____, 2010
Burbank, California

FOR VALUE RECEIVED, BURBANK HOUSING CORPORATION, a California nonprofit corporation ("Borrower"), promises to pay to the **CITY OF BURBANK**, a California municipal corporation (the "City"), or order, at the City's office at 275 East Olive Avenue, Burbank, California 91510-6459, or such other place as the City may designate in writing, the principal sum of **One Million Ten Thousand Five Hundred Dollars ($1,010,500.00)** in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. Agreement. This Promissory Note (the "Note") is given in accordance with that certain Affordable Housing Agreement executed by the City and the Borrower, dated as of _____, 2010 (the "Agreement") and the Master Loan Agreement dated December ___, 2010, each of which is incorporated herein by this reference. The rights and obligations of the Borrower and the City under this Note shall be governed by the Agreement and by the additional terms set forth in this Note. In the event of any conflict, the Master Loan Agreement prevails, then the Affordable Housing Agreement, then the Promissory Note.

2. Interest. No interest shall accrue on the Note Amount.

3. Repayment of Note Amount. The Note Amount shall be immediately due and payable in the event that one of the repayment conditions set forth herein, to wit: Borrower commits a material default of the Agreement, this Note, the Deed of Trust securing this Note, or the Regulatory Agreement, and fails to cure said default within the time periods provided in those documents, if any. Otherwise, Borrower shall have no obligation to pay this Note or make any installment payment thereon. At the fifty-fifth (55th) anniversary of the date this Note is executed, provided Borrower has not committed or caused the occurrence of a material default of the Agreement, this Note, the Deed of Trust securing this Note, or the Regulatory Agreement, the Note Amount will forgiven in its entirety. Notwithstanding the foregoing, the full Note Amount may be accelerated as set forth herein.

Notwithstanding the foregoing, however, the total amount of the principal, interest and any other amounts owing under this Note shall become immediately due and payable upon the earlier to occur of the following:

a. the sale, lease, exchange or other conveyance of the Property, as that term is defined in the Agreement (other than transfers approved or permitted pursuant to the Agreement); or

b. in the event of a default by the Borrower under the Agreement, the Deed of Trust securing this Note, the Regulatory Agreement, or this Note, which has not been cured within the period of time set forth in those documents.

Failure to declare such amounts due shall not constitute a waiver on the part of the City to declare them due subsequently.

4. Security. This Note shall be secured by the Deed of Trust recorded as Instrument No. 06 2369323 in Official Records of the Los Angeles County Recorders Office on 10/25/06. A second Deed of Trust, which incorporated the initial deed of trust and which reflects the additional security shall be recorded on the property described in the Agreement. The underlying loan requires that the property act as security for all of the Notes provided to Agency and City by Borrower through a cross collectivization and cross default provision. A default of this Note could result in foreclosure of all projects identified in the 10/25/06 Deed of Trust, plus the new properties identified in the supplemental Deed of Trust, and any future properties which secure future indebtedness .

5. Waivers.

a. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at the City's sole discretion and that the City may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

b. No extension of time for payment of this Note made by agreement by the City with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

c. The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

6. Attorneys' Fees and Costs. Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Deed of Trust Acceleration. The Deed of Trust and the Agreement provide for acceleration of the payments due under this Note in the event of default under the Deed of Trust or Agreement.

8. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Borrower and by the City.

9. City May Assign. City may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

10. Borrower Assignment Prohibited. Except in connection with transfers permitted pursuant to the Agreement, in no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the City, which consent may be given or withheld in the City's sole discretion.

11. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement and the Master Loan Agreement.

BURBANK HOUSING CORPORATION, a California nonprofit corporation

By: _____

Name: _____

Title: _____

EXHIBIT C

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)

[See the pages that follow]

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Redevelopment Agency of the City of Burbank)
275 East Olive Avenue)
P.O Box 6459)
Burbank, California 91510-6459)
Attention.)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)

This **DEED OF TRUST WITH ASSIGNMENT OF RENTS** (this "Deed of Trust"), is made as of _____, 2010, by **BURBANK HOUSING CORPORATION**, a California nonprofit corporation ("Trustor"), whose address is 1819 Grismer Avenue, Burbank, California 91504, to _____ (and in such capacity herein called the "Trustee"), for the benefit of the **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK,** a public body, corporate and politic and the **CITY OF BURBANK,** a municipal corporation and charter city (and in such capacity herein collectively called the "Beneficiary"), having an office located at 275 East Olive Avenue, Burbank, California 91510-6459.

WHEREAS, On March 21, 2006, Trustor entered into a Loan Agreement ("Loan Agreement") with Beneficiary which restated and amended the prior Affordable Housing Agreements as to twelve income-restricted properties, and combined all properties into one loan agreement. The new loan agreement includes cross collateralization and cross default clauses, as further security for Beneficiary. On _____, 2010, the parties amended the Loan Agreement and entered into a Master Loan Agreement.

WHEREAS, a deed of trust recorded on 10/25/06 in Official Records of the Los Angeles County Recorder's Office as Instrument No. 06 2369323, secures all of the indebtedness owed to Beneficiary as to the amounts owed on October 23, 2006, plus future amounts made from time to time, according to the terms of promissory notes and the deed of trust made by Trustor and as to "payment of additional sums and interest thereon which may hereafter be loaned to Trustor...when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust as modified, and when this Deed of Trust is amended to included additional obligation."

WHEREAS, Trustor executed amendments to the Loan Agreement which increase the Loan amount by **One Million Nine Hundred Thirty Four Thousand Three Hundred Dollars ($1,934,300.00),** and such amendments stated that the October 23, 2006 Deed of Trust was automatically modified and amended to secure payment of the new amount of indebtedness. Now, an additional loan by Beneficiaries has been provided to Trustor, to finance the acquisition and rehabilitation of 2234 North Catalina Street.

WITNESSETH: that Trustor grants to Trustee in Trust, with Power of Sale, that property in the County of Los Angeles, State of California, described as:

See attached Exhibit A, incorporated herein

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits.

The October 23, 2006 Deed of Trust recorded as Instrument No. 06 2369323 is incorporated herein by this reference and the property described in Exhibit A is intended to be added to such properties already listed in the incorporated Deed of Trust to secure (1) payment of indebtedness as of the date of this deed of trust according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and extensions or renewals thereof, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Placer	1028	379
Alpine	3	130-31	Plumas	166	1307
Amador	133	438	Riverside	3778	347
Butte	1330	513	Sacramento	5039	124
Calaveras	185	338	San Benito	300	405
Colusa	323	391	San Bernardino	6213	768
Contra Costa	4684	1	San Francisco	A-804	596
Del Norte	101	549	San Joaquin	2855	283
El Dorado	704	635	San Luis Obispo	1311	137
Fresno	5052	623	San Mateo	4778	175
Glenn	469	76	Santa Barbara	2065	881
Humboldt	801	83	Santa Clara	6626	664
Imperial	1189	701	Santa Cruz	1638	607
Inyo	165	672	Shasta	800	633
Kern	3756	690	San Diego SERIES 5 Book 1964, Page 149774		
Kings	858	713	Sierra	38	187
Lake	437	110	Siskiyou	506	762
Lassen	192	367	Solano	1287	621
Los Angeles	T-3878	874	Sonoma	2067	427
Madera	911	136	Stanislaus	1970	56
Marin	1849	122	Sutter	655	585
Mariposa	90	453	Tehama	457	183
Mendocino	667	99	Trinity	108	595
Merced	1660	753	Tulare	2530	108

Modoc	191	93	Tuolumne	177	160
Mono	69	302	Ventura	2607	237
Monterey	357	239	Yolo 7	69	16
Napa	704	742	Yuba	398	693
Nevada	363	94			
Orange	7182	18			

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivision A and B, (identical in all counties), are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

Notice: This deed of trust adds the properties described in Exhibit A to the multiple properties described in Instrument No. 062369323 and may be foreclosed upon should a default occur on any of those properties.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

BURBANK HOUSING CORPORATION, a California nonprofit corporation

By: _____

Name: _____

Title: _____

EXHIBIT "A"

LEGAL DESCRIPTION

That real property located in the State of California, County of Los Angeles, City of Burbank, and described as follows:

LEGAL DESCRIPTION OF 2234 NORTH CATALINA STREET, BURBANK, CALIFORNIA.

LOT 79 OF TRACT NO. 9443 IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 144, PAGES 5 AND 6 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ACKNOWLEDGMENT

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 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 of Notary

OPTIONAL INFORMATION

Description of Attached Document

Title or Type of Document: _____

Date: _____ Number of Pages: _____

Signer(s) Other than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name:

o Individual
o Corporate Officer—Title: _____
o Partner o Limited o General
o Attorney in Fact o Trustee
o Guardian or Conservator
o Other:

Signer is Representing: _____

EXHIBIT D

REGULATORY AGREEMENT

[See the pages that follow]

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of Burbank)
275 East Olive Avenue)
P.O. Box 6459)
Burbank, California 91519-6459)
Attention: Redevelopment Director)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT (the "Agreement") is entered into as of this ____ day of _____, 2010 by and among the **CITY OF BURBANK**, a California municipal corporation (the "City"), the **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**, a public body, corporate and politic (the "Agency"), and **BURBANK HOUSING CORPORATION**, a California nonprofit corporation (the "Developer").

RECITALS

A. The City has received funds from the HOME Investment Partnership Act of the United States, 42 U.S.C. §12701, *et seq.*, for the purpose of the production and operation of housing affordable to lower, very low, and extremely low income families.

B. The Agency is required by California Health and Safety Code Section 33334.2, *et seq.*, to expend a certain percentage of property taxes allocated to it for the purpose of increasing, improving and preserving the City of Burbank's supply of low- and moderate-income housing available at an affordable housing cost. Pursuant thereto, the Agency has established a Low and Moderate Income Housing Fund (the "Housing Fund").

C. The Developer is negotiating an agreement to purchase real property improved with seven (7) rental units located at 2234 North Catalina Street, the City of Burbank (the "Property"), located on the land more particularly described in the Legal Description attached hereto as Exhibit A, and incorporated herein by reference.

D. The City, the Agency and the Developer have entered into an Affordable Housing Agreement dated as of December ___, 2010, pursuant to which the City and Agency have agreed to provide financial assistance to Developer to rehabilitate and acquire the Property, and the Developer has agreed to rehabilitate and acquire the Property with such financial assistance.

E. The City, the Agency and the Developer have entered into a Master Loan Agreement dated _____, 2010, pursuant to which City and Agency have required on-going requirements of the loans. If there is any inconsistency between the Agreement and the Master Loan Agreement, the latter prevails.

F. Beginning with this project, the parties intend to extend the term of the Affordability Period of the Agreement so that it is the same as all future regulatory agreements for future projects. It is the intent of the parties to extend this term of this Agreement, as part of all future projects.

G. The execution and recording of this Agreement is a condition to the City and Agency making assistance available to the Developer pursuant to the Affordable Housing Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Duty to Prevent Hazardous Material Contamination. During the Rehabilitation and operation of the Property, the Developer shall take all necessary precautions to prevent the release of any Hazardous Materials into the environment on or under the Property. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials. The Developer shall notify the City and Agency, and provide to the City and Agency a copy or copies, of any notices of violation, notices to comply, citations, inquiries, clean-up or abatement orders, cease and desist orders, reports filed pursuant to self-reporting requirements and reports filed or applications made pursuant to any Governmental Requirement relating to Hazardous Materials and underground tanks, and the Developer shall report to the City and Agency, as soon as possible after each incident, any unusual, potentially important incidents in the event of a release of any Hazardous Materials into the environment.

For purposes of this Section 1, "Governmental Requirements" shall mean all laws, ordinances, statutes, codes, rules, regulations, orders and decrees of the United States, the state, the county, the City, or any other political subdivision in which the Property is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the City, the Developer or the Property.

For purposes of this Section 1, "Hazardous Materials" means any substance, material, or waste which is or becomes, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated byphenyls, (viii) methyl tertiary butyl ether, (ix) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, Division 4, Chapter 20, (x) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (xi) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, et seq. (42 U.S.C. §6903) or (xii) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, et seq.

2. **Rehabilitation of the Property.** The Developer agrees to rehabilitate the Property in accordance with the provisions of the Affordable Housing Agreement, the Scope of Work which is attached to the Affordable Housing Agreement as Exhibit E and incorporated herein by reference, the Federal Housing Quality Standards, 24 CFR § 882.109, the City Municipal Code and all other applicable local codes, rehabilitation standards, ordinances and zoning ordinances, the lead based paint requirements of 24 CFR part 35, and accessibility standards pursuant to 24 CFR part 8 (the "Rehabilitation"). The Rehabilitation shall be conducted in such a manner so as to avoid or minimize tenant displacement to the greatest extent feasible, in accordance with the provisions of Section 209.2 of the Affordable Housing Agreement.

3. **Compliance with Laws.** The Developer shall carry out the acquisition, design, Rehabilitation and operation of the Property in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, et seq., Government Code Section 4450, et seq., Government Code Section 11135, et seq., and the Unruh Civil Rights Act, Civil Code Section 51, et seq.

4. **Affordable Units.** The Developer agrees to make available, restrict occupancy to, and lease at an Affordable Rent (the "Affordable Units"):

> Two (2) of the housing units within the Property to households with incomes that do not exceed the stricter of (i) the qualifying limits for Extremely-Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or (ii) the limits defined under California Health and Safety Code Section 50106 for Extremely-Low Income Households, adjusted for household size;
>
> Two (2) of the housing units within the Property to households with incomes that do not exceed the stricter of: (i) the qualifying limits for Very- Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or (ii) the limits defined under California Health and Safety Code Section 50105 for Very-Low Income Households, adjusted for household size; and
>
> Three (3) of the housing units within the Property to households with income that do not exceed the stricter of: (i) the qualifying limits for Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or (ii) the limits defined under California Health and Safety Code Section 50079.5 for Low-Income Households, as adjusted for households size.

Any variation from these requirements must comply with the procedure set forth in Section 9.5 of this Agreement.

The Developer shall annually submit to the City and the Agency a completed income computation and certification form, in a form to be provided by the City and Agency, and such forms

may change from time to time. The Developer shall certify that each tenant of the Property meets the income restrictions of Section 301 of the Affordable Housing Agreement. The Developer shall obtain an income certification from the tenant of the Property which shall certify that the income of the tenant is truthfully set forth in the income certification form. Unless otherwise specified by the Agency or City, the Developer shall verify the income certification of the tenant in accordance with HUD or HCD regulations which may include one or more of the following methods:

a. obtain two (2) paycheck stubs from the tenant's two (2) most recent pay periods, if any.

b. obtain a true copy of an income tax return from the tenant for the most recent tax year in which a return was filed.

c. obtain an income verification certification from the employer of the tenant.

d. obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies.

e. obtain an alternate form of income verification reasonably requested by the Developer, if none of the above forms of verification is available to the Developer.

The Property shall be subject to the requirements of Article 300 of the Affordable Housing Agreement in perpetuity commencing upon the date of the Developer's acquisition of the Property. The duration of this requirement shall be known as the "Affordability Period."

5. Affordable Rent.

The maximum Monthly Rent chargeable to income eligible households shall be annually determined by the City and Agency in accordance with the HOME Program requirements, Community Redevelopment Law requirements. The maximum rent that the Developer may change any household occupying an affordable unit shall meet the following requirements:

a. The Monthly Rent payable by a tenant who meets the income limits for extremely-low income households shall not exceed the lesser of: a.) HOME program Low HOME income rents as established and amended annually by the United States Department of Housing and Urban Development (HUD), adjusted for number of bedrooms in the unit, as well as the reasonable monthly utility allowance; or b.) the extremely-low income rents set forth in Health & Safety Code Section 50106 based on the methodology established by the California Housing and Community Development Department (HCD), adjusted for number of bedrooms in the unit, less the reasonable monthly utility allowance.

b. The Monthly Rent payable by a tenant who meets the income limits for very-low income households shall not exceed the lesser of: a.) HOME program Low HOME income rents as established and amended annually by the United States Department of Housing and Urban Development (HUD), adjusted for number of bedrooms in the unit, as well as the reasonable monthly utility allowance; or b.) the very-low income rents set forth in Health & Safety Code Section 50053 and Section 50106 for extremely low income households based on the methodology established by

the California Housing and Community Development Department (HCD), adjusted for number of bedrooms in the unit, less the reasonable monthly utility allowance.

c. The Monthly Rent payable by a tenant who meets the income limits for Low Income Households shall not exceed the lesser of: a.) HOME program High HOME income rents as established and amended annually by the United States Department of Housing and Urban Development (HUD), adjusted for number of bedrooms in the unit, as well as the reasonable monthly utility allowance; or b.) the Low income rents set forth in Health & Safety Code Section 50053 based on the methodology established by the California Housing and Community Development Department (HCD), adjusted for number of bedrooms in the unit, less the reasonable monthly utility allowance.

d. Notwithstanding the foregoing, however, if after the tenant's initial occupancy of the housing unit, the tenant's income increases to greater than the qualifying limits as set forth above,the Monthly Rent charged by Developer shall not exceed thirty percent (30%) of the tenant's adjusted income.

e. For purposes of this Agreement, "Monthly Rent" means the total of monthly payments for (a) use and occupancy of the Property and land and required facilities associated therewith (including parking fees), (b) any separately charged fees or service charges assessed by the Developer which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Developer.

6. Lease Requirements. Prior to rental of any of the Property, the Developer shall submit a standard lease form to the City and Agency for its approval. The City and Agency and shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the HOME Program and the HOME Regulations. The Developer shall enter into a written lease, in the form approved by the City and Agency, with each tenant of the Property. No lease shall contain any of the provisions which are prohibited pursuant to Section 92.253 of the HOME Regulations.

7. Affirmative Marketing. The rental of the Affordable Units shall be conducted in accordance with the affirmative marketing requirements which have been adopted by the City and Agency, the requirements of Section 92.351, or successor regulation, of the HOME Regulations and other applicable HOME Program requirements.

8. Selection of Tenants. The Property shall be leased to tenants selected by the Developer who meet all of the requirements provided herein. The Developer shall adopt a tenant selection system in conformance with Section 92.253(e) of the HOME Regulations, which shall be approved by the City and Agency in its reasonable discretion, which establishes a chronological waiting list system and/or random lottery system for selection of tenants. The Developer shall not refuse to lease to a holder of a certificate of family participation under 24 CFR part 882 (Rental Certificate Program) or a rental voucher under 24 CFR part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a HOME Program, Section 8 program or other tenant-based assistance program, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

9. Occupancy Standards. To the extent legally possible, occupancy of the Affordable Units shall be limited to two persons per bedroom plus one additional person. Notwithstanding the foregoing, however, no residents of the Affordable Units as of the date of this Agreement shall be evicted from their apartment units solely because such residents do not meet the occupancy standards requirements of Section 307 of the Affordable Housing Agreement.

9.5 Leasing Affordable Units Below Income Level Designations. In the event Developer is unable to lease an Affordable Unit at its designated income level, Developer may submit a request to the Agency's Executive Director, or its designee, to lease a particular Affordable Unit at a level that is below the agreed unit designation set forth in Section 301 of this Agreement. The Executive Director, or its designee, may, in his or her sole discretion, approve such requests upon making a finding that, for a period of not less than ninety (90) days, Developer has made all reasonable efforts to market the Affordable Unit to prospective tenants at the designated income level, that there are no apparent qualified applicants at the designated income level, and that there are no significant financial impacts to the project. The Executive Director, or its designee, may authorize one or more lower income designations. The new tenants for the temporarily redesignated Affordable Unit must have a household income that meets the appropriate income designation (depending on the unit redesignation) as set forth below:

a.) Extremely-Low Households ("Extremely-Low Households") that do not exceed the following: i) the qualifying limits for Extremely-Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or ii) the limits defined under California Health and Safety Code Section 50106 for Extremely-Low Income households, adjusted for household size.

b.) Very-Low Income Households ("Very-Low Income Households") that do not exceed the following: i) qualifying limits for Very-Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or ii) the limits defined under California Health and Safety Code Section 50105 for Very-Low Income Households, adjusted for household size; and includes Extremely-Low Income Households.

c.) Low-Income Households ("Low-Income Households") that do not exceed the following : i) the qualifying limits for Low Income Households as established and amended from time to time by the United States Department of Housing and Urban Development (HUD) or ii) the limits defined under California Health and Safety Code Section 50053 for Low-Income Households, as adjusted for households size; and includes Very-Low Income Households.

In order to maintain the household income mix set forth in Section 301 above, Developer shall lease the next available Affordable Unit at the income level subject to the any waiver granted pursuant to this section. Developer shall re-apply for approval to vary from such designation, in the event Developer is unable to again lease an Affordable Unit at the designated income level.

10. Maintenance. The Developer shall maintain or cause to be maintained the interior and exterior of the Property in a decent, safe and sanitary manner, in accordance with the HUD Housing Quality Standards and the maintenance standards required by Section 92.251 of the HOME Regulations, and the standard of maintenance of similar housing units within Los Angeles County, California. If at any time Developer fails to maintain the Property in accordance with this Agreement

and such condition is not corrected within five days after written notice from the City or Agency with respect to graffiti, debris, waste material, and general maintenance, or thirty days after written notice from the City or Agency with respect to landscaping and building improvements, then the City and Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the Property and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the City or Agency and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to the City or Agency, as appropriate, upon demand.

11. Management Plan. The Developer shall submit for the approval of the City and Agency a "Management Plan" which sets forth in detail the Developer's property management duties, the affirmative marketing procedures in accordance with Section 7 hereof, the tenant selection process in accordance with Section 8 hereof, a security system and crime prevention program, the procedures for the collection of rent, the procedures for eviction of tenants, the rules and regulations of the Property and manner of enforcement, a standard lease form in accordance with Section 6 hereof, the identity of the manager of the Property (the "Property Manager"), and other matters relevant to the management of the Property. The Management Plan shall require the Developer to adhere to a fair lease and grievance procedure and provide a plan for tenant participation in management decisions. The management of the Property shall be in compliance with the Management Plan which is approved by the City and Agency.

If the City or Agency determines that the performance of the Property Manager is deficient based upon the standards set forth in the Management Plan and in this Agreement, the City and/or Agency shall provide notice to the Developer of such deficiencies, and the Developer shall use its best efforts to correct such deficiencies. In the event that such deficiencies have not been cured within the time set forth in Section 14 hereof, the City and the Agency shall each have the right to require the Developer to immediately remove and replace the Property Manager with another property manager or property management company which is reasonably acceptable to the City and Agency, which is not related to or affiliated with the Developer, and which has not less than five (5) years experience in property management, including significant experience managing affordable multifamily residential development of the size, quality and scope of the Property.

12. Monitoring and Recordkeeping. Throughout the Affordability Period, Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in Section 92.508 (or successor regulation) of the HOME Regulations and shall annually complete and submit to City and the Agency a Certification of Continuing Program Compliance in the form provided by the City and the Agency. Representatives of the City and the Agency shall be entitled to enter the Property, upon at least twenty-four (24) hours notice, to monitor compliance with this Agreement, to inspect the records of the Property, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the City and the Agency in making the Property available for such inspection or audit. If for any reason the City or the Agency is unable to obtain the Developer's consent to such an inspection or audit, the Developer understands and agrees that the City and/or the Agency may obtain at Developer's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. Developer agrees to maintain records in businesslike manner, and to maintain such records for the term of this Agreement.

13. Non-Discrimination Covenants. Developer covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property. Developer shall also comply with the equal opportunity and fair housing requirements set forth in Section 92.350 of the HOME Regulations. The covenants established in this Section 13 shall, without regard to technical classification and designation, be binding for the benefit and in favor of the City, the Agency and their successors and assigns, and shall remain in effect in perpetuity.

14. Defaults and Remedies. Defaults of this Agreement and remedies therefor shall be governed by the provisions of Article 400 of the Affordable Housing Agreement.

15. Waiver of Terms and Conditions. Any party may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

16. Non-Liability of City Officials and Employees. No member, official, employee or agent of the City or the Agency shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or the Agency or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.

17. Time. Time is of the essence in this Agreement.

18. Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice:

Developer: Burbank Housing Corporation
1819 Grismer Avenue
Burbank, California 91504
Attention: Judith S. Arandes, Executive Director

City: City of Burbank
275 East Olive Avenue
P.O. Box 6459
Burbank, California 91510-6459
Attention: Community Development Director

Agency: Redevelopment Agency of the City of Burbank
275 East Olive Avenue
P.O. Box 6459
Burbank, California 91510-6459
Attention: Assistant Executive Director

Such addresses may be changed by notice to the other party given in the same manner as provided above.

19. Successors and Assigns. This Agreement shall run with the land, and all of the terms, covenants and conditions of this Agreement shall be binding upon the Developer, the City and the Agency and the permitted successors and assigns of the Developer and the Agency. Whenever the term "Developer," "Agency" or "City" is used in this Agreement, such term shall include any other successors and assigns as herein provided.

20. No Third Parties Benefited. This Agreement is made and entered into for the sole protection and benefit of the City and its successors and assigns, the Agency and its successors and assigns, and Developer and its successors and assigns, and no other person or persons shall have any right of action hereon.

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

22. Governing Law. This Agreement and the Loan Documents and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto.

23. Amendment. This Agreement may not be changed orally, but only by agreement in writing signed by Developer, the Agency and the City.

IN WITNESS WHEREOF, the parties hereto have executed this Regulatory Agreement as of the date and year set forth above.

DEVELOPER:

BURBANK HOUSING CORPORATION, a California nonprofit corporation

By: _____
Its: _____

CITY:

CITY OF BURBANK, a California municipal corporation

By: _____
Greg Herrmann, Community Development Director

ATTEST:

_____
Margarita Campos, CMC, City Clerk

Approved as to Form and Legal Content
Dennis A. Barlow, City Attorney/Agency Counsel

_____
By: Joseph H. McDougall
Senior Assistant City Attorney

AGENCY:

REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, a public body, corporate and politic

By:_____
Greg Herrmann, Assistant Executive Director

ATTEST:

_____
Margarita Campos, CMC, Agency Secretary

Approved as to Form and Legal Content
Dennis A. Barlow, City Attorney/Agency Counsel

_____

By: Joseph H. McDougall
Senior Assistant City Attorney

EXHIBIT A

LEGAL DESCRIPTION

That real property located in the State of California, County of Los Angeles, City of Burbank, and described as follows:

LEGAL DESCRIPTION OF 2234 NORTH CATALINA STREET, BURBANK, CALIFORNIA.

LOT 79 OF TRACT NO. 9443 IN THE CITY OF BURBANK, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 144, PAGES 5 AND 6 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ACKNOWLEDGMENT

State of California }ss
County of _____ }

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person 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 of Notary

OPTIONAL INFORMATION

Description of Attached Document

Title or Type of Document: _____

Date: _____ Number of Pages: _____

Signer(s) Other than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name:

o Individual
o Corporate Officer—Title: _____
o Partner o Limited o General
o Attorney in Fact o Trustee
o Guardian or Conservator
o Other:
Signer is Representing: _____