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**AMENDED AND RESTATED  
REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

**By and Between**

**CHULA VISTA HOUSING AUTHORITY**

**and**

**OTAY AFFORDABLE I V8, L.P.  
a California limited partnership**

\_\_\_\_\_  
**Dated as of March 1, 2023**  
\_\_\_\_\_

**Relating to:**

**\$35,000,000  
CHULA VISTA HOUSING AUTHORITY  
MULTIFAMILY HOUSING REVENUE NOTE  
(OTAY RANCH APARTMENTS) 2020 SERIES A**

**And**

**\$\_\_\_\_\_**  
**CHULA VISTA HOUSING AUTHORITY  
MULTIFAMILY HOUSING REVENUE NOTE  
(OTAY RANCH APARTMENTS) 2023 SERIES A-1 (TAXABLE)**

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**AMENDED AND RESTATED  
REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

THIS AMENDED AND RESTATED REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this “Regulatory Agreement”) is made and entered into as of March 1, 2023, by and between the CHULA VISTA HOUSING AUTHORITY, a public body, corporate and politic, duly organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the “Governmental Lender”), and OTAY AFFORDABLE I V8, LP, a California limited partnership, duly organized, validly existing and in good standing under the laws of the State of California (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “Owner”).

**W I T N E S S E T H:**

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (as amended, the “Housing Law”), the Owner previously requested and received a funding loan (the “2020 Funding Loan”) pursuant to that certain Funding Loan Agreement, by and among the Citibank, N.A. (the “Funding Lender”), the Governmental Lender and U.S. Bank Trust Company, National Association, formerly known as U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), dated as of December 1, 2020 (the “2020 Funding Loan Agreement”), which was used to make a borrower loan (the “2020 Borrower Loan”) made pursuant to that certain Borrower Loan Agreement, by and between the Governmental Lender and the Borrower, dated as of December 1, 2020 (the “2020 Borrower Loan Agreement”), to finance a 173 unit plus 2 manager’s units multifamily rental housing project known as “Otay Ranch Apartments” located on the real property site described in Exhibit A hereto (as further described herein, the “Project”);

WHEREAS, in connection with the 2020 Funding Loan, the Governmental Lender executed and delivered its Chula Vista Housing Authority Multifamily Housing Revenue Note (Otay Ranch Apartments) 2020 Series A (the “2020 Note”) in the aggregate principal amount of \$35,000,000;

WHEREAS, additionally, in connection with the 2020 Funding Loan, the Owner and the Governmental Lender entered into that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of December 1, 2020, which was recorded in the Official Records of the San Diego County Recorder’s Office on December 18, 2020 as Document No. 2020-0817951 (the “2020 Regulatory Agreement”);

WHEREAS, this Regulatory Agreement amends, restates and supersedes the 2020 Regulatory Agreement in its entirety;

WHEREAS, to provide the Owner with additional financing for the Project, pursuant to a Funding Loan Agreement, by and among the Governmental Lender, the Funding Lender and the Fiscal Agent dated as of March 1, 2023 (the “Funding Loan Agreement”), the Governmental Lender has agreed to execute and deliver its Chula Vista Housing Authority Multifamily Housing Revenue Note (Otay Ranch Apartments) 2023 Series A-1 (Tax Exempt) (the “2023 Note,” and, together with the 2020 Note, the “Notes”) in the aggregate principal amount of \$ \_\_\_\_\_;

WHEREAS, the proceeds of the 2023 Note will be used to fund a loan (the “Borrower Loan” as defined in the Funding Loan Agreement) to the Owner to provide additional financing for the acquisition, construction and equipping of the Project;

WHEREAS, in order to assure the Governmental Lender and the owner of the Notes that interest on the Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), and to satisfy the public purposes for which the Notes are authorized to be executed and delivered under the Housing Law, and to satisfy the purposes of the Governmental Lender in determining to execute and deliver the Notes, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met;

NOW, THEREFORE, in consideration of the execution and delivery of the Notes by the Governmental Lender and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Governmental Lender and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1, or in the Funding Loan Agreement.

“Administrator” means the Governmental Lender or any administrator or program monitor appointed by the Governmental Lender to administer this Regulatory Agreement, and any successor administrator appointed by the Governmental Lender.

“Area” means the Metropolitan Statistical Area or County, as applicable, in which the Project is located, as defined by the United States Department of Housing and Urban Development.

“Available Units” means residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is acquired or (ii) the Closing Date with respect to the 2023 Note is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“CDLAC” means the California Debt Limit Allocation Committee or its successors.

“CDLAC Conditions” has the meaning given such term in Section 28(a).

“CDLAC Resolution” means, collectively, CDLAC Resolution No. 20-435 attached hereto as Exhibit D, adopted on February 18, 2020, as revised July 22, 2020, and CDLAC Resolution No. 22-286 attached hereto as Exhibit D, adopted on November 30, 2022, and relating to the Project, as such resolutions may be modified or amended from time to time.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Owner with the Administrator, on behalf of the Governmental Lender, pursuant to Section 4(f) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other comparable form

as may be provided by the Governmental Lender to the Owner, or as otherwise approved by the Governmental Lender.

“City” means the City of Chula Vista, California.

“Closing Date” means (i) with respect to the 2020 Note, the date the 2020 Note was originally executed and delivered, and (ii) with respect to the 2023 Note, the date the 2023 Note was originally executed and delivered.

“Compliance Period” means the period beginning on the first day of the Qualified Project Period and ending on the later of the end of the Qualified Project Period or such later date as set forth in Section 28(c) of this Regulatory Agreement.

“County” means the County of San Diego, California.

“Deed of Trust” means the “Security Instrument” as defined in the Funding Loan Agreement, as the same may be modified, amended or supplemented from time to time.

“Gross Income” means the gross income of a person (together with the gross income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed in under Section 8 of the Housing Act.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Housing Law” means Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code, as amended.

“Income Certification” means a Tenant Income Certification and a Tenant Income Certification Questionnaire in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Governmental Lender to the Owner, or as otherwise approved by the Governmental Lender.

“Investor Limited Partner” means BF Otay Ranch, LLLP, a Delaware limited liability limited partnership, or any other successor entity or assignee in such entity’s capacity as an equity investor in the Owner.

“Loan Agreement” means the “Borrower Loan Agreement” as defined in the Funding Loan Agreement, as the same may be modified, amended or supplemented from time to time.

“Low Income Tenant” means a tenant occupying a Low Income Unit.

“Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as low income hereunder shall be sixty percent (60%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit’s status as a Low Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

“Manager” means a property manager meeting the requirements of Section 27 hereof. WSH Management, Inc., a California corporation, is hereby approved as the initial Manager.

“Noteowner Representative” or “Noteowner” means during any period in which the Notes are outstanding, the “Noteowner” under and as such term is defined in the Funding Loan Agreement. If at any time the Notes are not outstanding then there is no Noteowner Representative and references herein to the Noteowner Representative are void and inapplicable and shall be disregarded.

“Project” means the 173-unit plus 2 manager’s units multifamily rental housing development located in the City of Chula Vista, San Diego County on the real property site described in Exhibit A hereto, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the acquisition, construction and equipping of which facilities are to be financed, in whole or in part, from the proceeds of the sale of the Notes or the proceeds of any payment by the Owner pursuant to the Loan Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of the facilities described in the Loan Agreement.

“Qualified Project Period” means the period beginning on the Closing Date and ending on the later of (a) the date which is 55 years after the date on which fifty percent (50%) of the dwelling units in the Project are occupied, (b) the first day on which no Tax-Exempt obligations with respect to the Project are Outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“Rent-Restricted” means, with respect to any Unit, that the Rental Payments with respect to such unit is not more than 30% of the imputed income limitation applicable to such Unit pursuant to Section §42(g)(2)(C) of the Code, as modified by Appendix D hereto, if applicable.

“Rental Payments” means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Owner as a condition of occupancy of the unit.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Notes, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“Tax Certificate” means the “Tax Certificate” as defined in the Funding Loan Agreement.

“TCAC” means the California Tax Credit Allocation Committee.

“Transfer” means the conveyance, assignment, sale or other disposition of all or any portion of the Project; and shall also include, without limitation to the foregoing, the following: (1) an installment sales agreement wherein Owner agrees to sell the Project or any part thereof for a price to be paid in installments; and (2) an agreement by the Owner leasing all or a substantial part of the Project to one or more persons or entities pursuant to a single or related transactions.

“Very Low Income Tenant” means a tenant occupying a Very Low Income Unit.

“Very Low Income Unit” means any Available Unit if the aggregate Gross Income of all tenants therein does not exceed limits determined in a manner consistent with determinations of “very low-income families” under Section 8 of the Housing Act, provided that the percentage of median gross income that qualifies as very low income hereunder shall be fifty percent (50%) of median gross income for the Area, with adjustments for family size. A unit occupied by one or more students shall only constitute a Very Low Income Unit if such students meet the requirements of Section 142(d)(2)(C) of the Code. The determination of an Available Unit's status as a Very Low Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

## Section 2. Representations, Covenants and Warranties of the Owner.

(a) The Owner hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Owner contained in the Tax Certificate and the Loan Agreement relating to the Project.

(b) The Owner hereby represents and warrants that the Project is located entirely within the City.

(c) The Owner acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Notes to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions;

and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to execute and deliver or issue, as the case may be, the Notes in order to provide funds to assist the Owner in constructing and developing the Project.

Section 3. Qualified Residential Rental Project. The Owner hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Compliance Period. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be constructed, developed and operated for the purpose of providing multifamily residential rental property. The Owner will own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Housing Law, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project (except for not more than two units set aside for a resident manager or other administrative use) will be similarly constructed units, and each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of this Regulatory Agreement.

(d) No part of the Project will at any time during the Compliance Period be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or use, and the Owner will not take any steps in connection with a conversion of the Project to condominium ownership during the Compliance Period (except that the Owner may obtain final map approval and the Final Subdivision Public Report from the California Department of Real Estate and may file a condominium plan with the City).

(e) All of the Available Units in the Project will be available for rental during the period beginning on the date hereof and ending on the termination of the Compliance Period on a continuous, “first-come, first-served” basis to members of the general public; which for purposes of this Regulatory Agreement means the general population, and the Owner will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented in such a manner that they constitute Low Income Units or Very Low Income Units.

(f) The Project consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single



geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Owner; provided, however, that if the Project contains five or more dwelling units, this provision shall not be construed to prohibit occupancy of not more than one dwelling unit by a resident manager or maintenance personnel, any of whom may be the Owner.

Section 4. Low Income Tenants and Very Low Income Tenants; Reporting Requirements.  
Pursuant to the requirements of the Code, the Owner hereby represents, warrants and covenants as follows:

(a) During the Compliance Period, no less than 120 of the total number of completed units in the Project shall at all times be Low Income Units and 53 of the total number of completed units in the Project shall at all times be Very Low Income Units. For the purposes of this paragraph (a), a vacant unit that was most recently a Low Income Unit or Very Low Income Unit is treated as a Low Income Unit or Very Low Income Unit, respectively, until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant or Very Low Income Tenant upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, the aggregate Gross Income of all tenants in the unit occupied by such Low Income Tenant or Very Low Income Tenant, respectively, increases to exceed the qualifying limit for a Low Income Unit or Very Low Income Unit, respectively. However, should the aggregate Gross Income of tenants in a Low Income Unit or Very Low Income Unit as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Unit or Very Low Income Unit, respectively, occupied by the same number of tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) Low Income Tenant(s) or Very Low Income Tenant(s), respectively. The unit occupied by such tenants whose aggregate Gross Income exceeds such applicable income limit shall continue to be treated as a Low Income Unit or Very Low Income Unit for purposes of the requirements of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Low Income Tenants or Very Low Income Tenants, respectively.

(c) For the Compliance Period, the Owner will obtain, complete and maintain on file Income Certifications for each Low Income Tenant and Very Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant or Very Low Income Tenant in the unit and a second Income Certification dated one year after the Low Income Tenant's or Very Low Income Tenant's initial move-in date, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant and Very Low Income Tenant. In lieu of obtaining the annual Income Certifications required by clause (ii) of the preceding sentence, the Owner may, with respect to any particular twelve-month period ending December 1, deliver to the Administrator no later than fifteen days after such date a certification that as of December 1, no residential unit in the Project was occupied within the preceding twelve months by a new resident whose income exceeded the limit applicable to Low Income Tenants or Very Low Income upon admission to the Project. The Administrator may at any time and in its sole and absolute discretion notify the Owner in writing that it will no longer accept certifications of the Owner made pursuant to the preceding sentence and that the Owner will thereafter be required to obtain annual Income Certifications for tenants. The Owner will also provide such additional information as may be required

in the future by the Code, the State or the Governmental Lender, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Governmental Lender, copies of Income Certifications for Low Income Tenants and Very Low Income Tenants commencing or continuing occupation of a Low Income Unit or Very Low Income Unit, respectively, shall be submitted to the Administrator or the Governmental Lender, as requested.

(d) The Owner shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain pay stubs for the three most recent pay periods, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Governmental Lender.

(e) The Owner will maintain complete and accurate records pertaining to the Low Income Units and Very Low Income Units, and will permit any duly authorized representative of the Governmental Lender, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units and Very Low Income Units.

(f) The Owner will prepare and submit to the Administrator, on behalf of the Governmental Lender, not less than annually, commencing not less than one year after the Closing Date, a Certificate of Continuing Program Compliance executed by the Owner in substantially the form attached hereto as Exhibit C. During the Compliance Period, the Owner shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(g) For the Compliance Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Deed of Trust. All leases pertaining to Low Income Units or Very Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit or Very Low Income Unit: (i) certifies the accuracy of the statements made by such tenant in the Income Certification; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Owner, the Governmental Lender or the Administrator on behalf of the Governmental Lender, and that the failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Owner has relied on the statements made by such tenant in the Income Certification and supporting information supplied by the Low Income Tenant or Very Low Income Tenant in determining qualification for occupancy of a Low Income Unit or Very Low Income Unit, respectively, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any

such certification the aggregate Gross Income of tenants in such unit exceeds the applicable income limit under Section 4(b), the unit occupied by such tenant may cease to qualify as a Low Income Unit or Very Low Income Tenant, respectively, and such unit's rent may be subject to increase.

For purposes of this Section 4, no unit occupied by a residential manager shall be treated as a rental unit during the time of such occupation.

Section 5. Tax-Exempt Status of Notes. The Owner and the Governmental Lender, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Owner and the Governmental Lender will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Notes and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Owner and the Governmental Lender will file of record such documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Governmental Lender (with a copy to the Owner), in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

Section 6. Requirements of the Housing Law. In addition to the other requirements set forth herein, the Owner hereby agrees that it shall comply with each of the requirements of Section 52080 of the Housing Law, including the following:

(a) Not less than 30% of the total number of units in the Project shall be Low Income Units and not less than 10% of the total number of units in the Project shall be Very Low Income Units. The units made available to meet these requirements shall be of comparable quality and offer a range of sizes and numbers of bedrooms comparable to the units that are available to other tenants in the Project.

(b) The Rental Payments for the Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed the Rent-Restricted amount for such Low Income Units. The Rental Payments for the Very Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed the Rent-Restricted amount for such Very Low Income Units.

(c) The Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Owner shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(d) The units reserved for occupancy as required by Section 4(a) shall remain available on a priority basis for occupancy at all times on and after the Closing Date with respect to the 2020 Note and continuing through the Compliance Period.

(e) During the three (3) years prior to the expiration of the Compliance Period, the Owner shall continue to make available, to eligible households, Low Income Units and Very Low Income Units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(f) Following the expiration or termination of the Compliance Period, except in the event of foreclosure and payoff of the Notes, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by subsection (a) of this Section shall remain available to any eligible tenant occupying a reserved unit at the date of such expiration or termination, at the rent determined by subsection (b) of this Section, until the earliest of (1) the household's income exceeds 140% of the maximum eligible income specified above, (2) the household voluntarily moves or is evicted for good cause (as defined in the Housing Law), (3) 60 years after the date of the commencement of the Compliance Period, or (4) the Owner pays the relocation assistance and benefits to households as provided in Section 7264(b) of the California Government Code.

(g) Except as set forth in Section 13 hereof, the covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(h) This Regulatory Agreement shall be recorded in the office of the County recorder, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and under the name of the Governmental Lender as grantee.

Section 7. Requirements of the Governmental Lender. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Owner hereby agrees to comply with each of the requirements of the Governmental Lender set forth in this Section 7, as follows:

(a) For the duration of the Compliance Period, notwithstanding any retirement of the Notes or termination of the Loan Agreement, the Owner will pay to the Governmental Lender all of the amounts required to be paid by the Owner under the Loan Agreement and Section 19 hereof and will indemnify the Governmental Lender as provided in Section 9 of this Regulatory Agreement.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the Governmental Lender, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Governmental Lender upon reasonable advance notice to the Owner.

(c) The Owner acknowledges that the Governmental Lender has appointed the Administrator to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. The Owner shall comply with any reasonable request made by the Administrator or the Governmental Lender to deliver to any such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Governmental Lender. The fees and expenses of the Administrator shall be paid by the Governmental Lender.

(d) For purposes of Section 6(b), the base rents shall be adjusted for household size, based upon the following unit sizes and household sizes, as permitted by TCAC.

(e) Notwithstanding any other provisions of this Regulatory Agreement, in no event shall all of the rent, including the portion paid by the Low Income Tenant and any other person or entity, collected by Owner (the "Total Rent") for any Low Income Unit exceed the amount of rent set forth in this Regulatory Agreement. Total Rent includes all payments made by the Low Income Tenant and all subsidies received by Owner. In the case of Low Income Tenants receiving Section 8 benefits, Owner acknowledges that it shall not accept any subsidy or payment that would cause the Total Rent received for any Low Income Unit to exceed the maximum rents allowed by this Regulatory Agreement for such Low Income Unit. Should Owner receive Total Rent in excess of the allowable maximum rent set forth in this Regulatory Agreement for a Low Income Unit, Owner agrees to immediately notify the Governmental Lender and reimburse the Governmental Lender for any such overpayment.

Any of the foregoing requirements of the Governmental Lender contained in this Section 7 may be expressly waived by the Governmental Lender, in its sole discretion, in writing, but (i) no waiver by the Governmental Lender of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Governmental Lender has received an opinion of Tax Counsel that any such provision is not required by the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the Notes for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Governmental Lender and the Owner receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Notes to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Housing Law or any other state or federal law.

In the event of any conflict between this Regulatory Agreement and any other regulatory agreement regarding the Project, the more restrictive terms shall prevail.

Section 8. Modification of Covenants. The Owner and the Governmental Lender hereby agree as follows:

(a) To the extent any amendments to the Housing Law, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Governmental Lender and the Owner, retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project and compliance therewith is necessary to maintain the validity of, or the Tax-Exempt status of interest on the Notes, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Housing Law, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Tax Counsel filed with the Governmental Lender and the Owner, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Governmental Lender, at its sole discretion, and the Owner, with the consent of the Noteowner Representative, and only upon receipt by the Governmental Lender of the written opinion of Tax Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Notes or violate the requirements of the Housing Law, and otherwise in accordance with Section 21 hereof.

(c) The Owner and the Governmental Lender shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8.

Section 9. Indemnification; Other Payments. To the fullest extent permitted by law, the Owner agrees to indemnify, hold harmless and defend the Governmental Lender and each of its officers, governing members, directors, officials, employees, attorneys, agents, and program participants (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Notes, the Funding Loan Agreement, the Loan Agreement, this Regulatory Agreement, or the Tax Certificate and all documents related thereto, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including, as applicable, the execution and delivery or transfer of interests in the Notes;

(ii) any act or omission of the Owner or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction or rehabilitation of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Owner to the Governmental Lender or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Notes;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure document for the Notes or any of the documents relating to the Notes, or any omission or alleged omission from any offering statement or disclosure document for the Notes of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(vii) any declaration of taxability of interest on the Notes, or allegations (or regulatory inquiry) that interest on the Notes is taxable for federal tax purposes;

except to the extent such damages are caused by the willful misconduct or gross negligence of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of

counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Owner if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel. In addition to the foregoing, the Owner shall pay upon demand all of the fees and expenses paid or incurred by the Governmental Lender in enforcing the provisions hereof.

In addition thereto, the Owner will pay upon demand all of the fees and expenses paid or incurred by the Governmental Lender in enforcing the provisions hereof, as more fully set forth in the Loan Agreement.

The provisions of this Section 9 shall survive the final payment or defeasance of the Notes and the term of this Regulatory Agreement.

Section 10. Consideration. The Governmental Lender has agreed to execute and deliver the Notes to provide funds to lend to the Owner to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, develop and operate the Project. In consideration of the execution and delivery of the Notes by the Governmental Lender, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Governmental Lender and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons, including but not limited to the Administrator, interested in the legality and validity of the Notes, in the exemption from California personal income taxation of interest on the Notes and in the Tax-Exempt status of the interest on the Notes. In performing their duties and obligations hereunder, the Governmental Lender, the Administrator may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Governmental Lender may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender hereunder in good faith and in conformity with such opinion.

Section 12. Transfer of the Project. For the Compliance Period, the Owner shall not Transfer the Project, in whole or in part, without the prior written consent of the Governmental Lender, which consent shall not be unreasonably withheld or delayed if the following conditions are satisfied: (A) the receipt by the Governmental Lender of evidence acceptable to the Governmental Lender that (1) the Owner shall not be in default hereunder or under the Loan Agreement, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the transferee undertakes to cure any defaults of the Owner to the reasonable satisfaction of the Governmental Lender; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the transferee or its Manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations

or local governmental requirements applicable to such projects, or (b) the transferee agrees to retain a Manager with the experience and record described in subclause (a) above, or (c) the transferring Owner or its management company will continue to manage the Project, or another management company reasonably acceptable to the Governmental Lender will manage, for at least one year following such Transfer and, if applicable, during such period the transferring Owner or its management company will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Governmental Lender with respect to the assumption of the Owner's obligations under this Regulatory Agreement and the Loan Agreement (if then in effect), including without limitation an instrument of assumption hereof and thereof, and delivery to the Governmental Lender of an opinion of such transferee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Governmental Lender of an opinion of Tax Counsel to the effect that any such Transfer will not adversely affect the Tax-Exempt status of interest on the Notes; (D) receipt by the Governmental Lender of all fees and/or expenses then currently due and payable to the Governmental Lender by the Owner; and (E) receipt by the Governmental Lender of evidence of satisfaction of compliance with the provisions of Section 28(d)(i) related to notice to CDLAC of transfer of the Project.

It is hereby expressly stipulated and agreed that any Transfer of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. The written consent of the Governmental Lender to any Transfer of the Project shall constitute conclusive evidence that the Transfer is not in violation of this Section 12. Nothing in this Section shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to satisfy certain conditions or obtain the prior written consent of such other party in order to Transfer the Project. Upon any Transfer that complies with this Regulatory Agreement, the Owner shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Deed of Trust without the consent of the Governmental Lender or compliance with the provisions of this Section 12. The Governmental Lender hereby approves the transfer of limited partnership interests in the Owner, including, without limitation, the transfer of limited partnership interests in the Owner and the transfer of interests in the limited partners of Owner. The Governmental Lender hereby agrees that the removal and replacement of one or more of the general partners pursuant to the Owner's partnership agreement shall not require the consent of Governmental Lender.

For the Compliance Period, the Owner shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (A) encumbrances permitted under the Deed of Trust, or (B) a Transfer in accordance with the terms of this Regulatory Agreement, in each case upon receipt by the Governmental Lender of an opinion of Tax Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Notes (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary



facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Loan Agreement or the Deed of Trust; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Compliance Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the and discharge of the Funding Loan Agreement, and the Loan Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements of this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire or other casualty, seizure, requisition, foreclosure or transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date with respect to the 2023 Note, which prevents the Governmental Lender from enforcing such provisions, or condemnation or a similar event, but only if, within a reasonable period, either the Notes are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes.

Notwithstanding any other provision of this Regulatory Agreement, this Regulatory Agreement may be terminated upon agreement by the Governmental Lender and the Owner, with the consent of CDLAC, upon receipt by the Governmental Lender of an opinion of Tax Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Notes for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held

to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. Burden and Benefit. The Governmental Lender and the Owner hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Governmental Lender and the Owner hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Notes were executed and delivered.

Section 16. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the site on which the Project is located.

Section 17. Default; Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Governmental Lender or the Noteowner Representative to the Owner, or for a period of 60 days from the date the Owner should, with reasonable diligence, have discovered such default, then the Governmental Lender shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Tax Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Notes. The Governmental Lender shall have the right to enforce the obligations of the Owner under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Housing Law or the Code. Any cure of any default made or tendered by the Investor Limited Partner shall be deemed to be a cure by Owner and shall be accepted or rejected on the same basis as if made or tendered by Owner.

Following the declaration of an Event of Default hereunder, the Governmental Lender, subject to the terms of the Funding Loan Agreement, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Governmental Lender hereunder;
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project;
- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder; and

(iv) with the consent of the Noteowner Representative, which consent shall not be unreasonably withheld, declare a default under the Funding Loan Agreement or Loan Agreement, as applicable, and proceed with any remedies provided therein.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Governmental Lender may fully obtain the benefits of this Regulatory Agreement made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder.

The Governmental Lender hereby agrees that cure of any Event of Default made or tendered by any partner of the Owner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

All reasonable fees, costs and expenses (including reasonable attorney's fees and expenses) the Governmental Lender incurred in taking any action pursuant to this Section shall be the sole responsibility of the Owner.

Section 18. Recording and Filing. (a) The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County, and in such other places as the Governmental Lender may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

(b) The Owner and the Governmental Lender will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Tax Counsel, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Owner hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and, except in the case of a foreclosure or comparable involuntary conversion of the Deed of Trust, whereby the Funding Lender becomes the owner of the Project, to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 19. Payment of Fees. Notwithstanding any prepayment of the Loan and discharge of the Funding Loan Agreement, the Owner shall continue to pay the fees of the Governmental Lender as provided in this Section 19, unless such prepayment is made in connection with a refunding of the Notes.

The Owner agrees to pay to the Governmental Lender (i) an initial issuance fee of \$\_\_\_\_\_, which shall be paid on or before the Closing Date with respect to the 2023 Note, (ii) the Governmental Lender's annual administration fee (the "Annual Administration Fee"), which shall be an amount equal to \$\_\_\_\_\_, payable semi-annually in equal installments on each December 15 and June 15 commencing June 15, 2023, and continuing throughout the Compliance Period, and (iii) within 30 days after receipt of request for payment thereof, all reasonable out-of-pocket expenses of the Governmental Lender (not including salaries and wages of Governmental Lender employees) related to the Notes, the Project and the financing thereof, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating

to the Project or the Notes, including without limitation any legal fees and expenses incurred in connection with any audit of the Notes by the Internal Revenue Service.

If the Owner fails to make payment of the Annual Administration Fee for a period of two consecutive years or more, the Governmental Lender may, in its sole discretion, declare the total amount of the Annual Administration Fee through the end of the Compliance Period immediately due and payable, such amount to be discounted at a rate equal to the then current market rate for U.S. Treasury obligations of a maturity equal to the remaining term of the Compliance Period.

Section 20. Governing Law; Venue. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of California. This Regulatory Agreement shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the Governmental Lender in writing) be filed and maintained in the Superior Court of California, County of San Diego.

Section 21. Amendments; Waivers. (a) Except as provided in Sections 8(a) and 28(e) hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego, California, and only upon (i) receipt by the Governmental Lender of an opinion from Tax Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Notes and is not contrary to the provisions of the Housing Law and (ii) the written consent of the Noteowner Representative, who shall receive a copy of any such amendment.

(b) Anything to the contrary contained herein notwithstanding, the Governmental Lender and the Owner hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Tax Counsel, in order that interest on the Notes remains Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement of the proposed amendment, with a copy of such proposed amendment to Tax Counsel and a request that Tax Counsel render to the Governmental Lender an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Notes. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(c) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 22. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses specified in the Funding Loan Agreement, or at such other addresses as may be specified in writing by the parties hereto. Unless otherwise specified by the Administrator, the address of the Administrator is:

Chula Vista Housing Authority  
276 Fourth Avenue  
Chula Vista, California 91910  
Attention: Executive Director

Unless otherwise specified by CDLAC, the address of CDLAC is:

California Debt Limit Allocation Committee  
915 Capitol Mall, Room 311  
Sacramento, CA 95814  
Attention: Executive Director

The Governmental Lender, the Administrator, CDLAC and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day. A copy of each notice of default provided to the Owner hereunder shall also be provided to the Investor and the Noteowner Representative at the addresses set forth in the Funding Loan Agreement.

A copy of each notice sent by or to the Owner shall also be sent to the Manager at the address of the Manager provided by the Owner to the Administrator; but such copies shall not constitute notice to the Owner, nor shall any failure to send such copies constitute a breach of this Regulatory Agreement or a failure of or defect in notice to the Owner.

The Owner shall notify the Governmental Lender and the Administrator in writing of any change to the name of the Project or any change of name or address for the Owner or the Manager. The Owner shall further notify CDLAC in writing of any event provided in Section 28(d) hereof.

Section 23. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 24. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 25. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Owner under this Regulatory Agreement to any person or entity, including, but not limited to, the Noteowner Representative or the Governmental Lender and their successors and assigns, is limited to the Owner's interest in the Project, the Pledged Revenues and the amounts held in the funds and accounts created under the Funding Loan Agreement, or any rights of the Owner under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Owner under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Owner's obligations under this Regulatory Agreement), shall be rendered against the Owner, the assets of the Owner (other than the Owner's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Funding Loan Agreement, any rights of the Owner under the Funding Loan

Agreement, or any other documents relating to the Notes or any rights of the Owner under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Funding Loan Agreement or any agreement securing the obligations of the Owner under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding, except to the extent provided in the Loan Agreement.

Section 26. Third-Party Beneficiary. The City and CDLAC are intended to be and shall each be a third-party beneficiary of this Regulatory Agreement. The City shall have the right (but not the obligation) to enforce, separately or jointly with the Governmental Lender or to cause the Governmental Lender to enforce, the terms of this Regulatory Agreement and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Noteowner.

Section 27. Property Management. The Owner agrees that at all times the Project shall be managed by a property manager (i) approved by the Governmental Lender in its reasonable discretion and (ii) who has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects (the "Manager"). The Owner shall submit to the Governmental Lender from time to time such information about the background, experience and financial condition of any existing or proposed Manager as the Governmental Lender may reasonably require to determine whether such Manager meets the requirements for a Manager set forth herein. The Governmental Lender reserves the right to conduct periodic reviews of the management practices and of the Manager to determine if the Project is being operated and managed in accordance with the requirements and standards of this Agreement. The Owner agrees to cooperate with the Governmental Lender in such reviews.

*Replacement of Manager.* If the Governmental Lender determines in its reasonable judgment that the Project is not being operated and managed in accordance with one or more of the material requirements or standards of this Agreement, the Governmental Lender may deliver notice to the Owner and the Noteowner Representative requesting replacement of the Manager, which notice shall state clearly the reasons for such request. The Owner agrees that, upon receipt of such notice, it shall within 60 days submit to the Governmental Lender, with copies to the Noteowner Representative, a proposal to engage a new Manager meeting the requirements of this Section 27. Each of the Governmental Lender and the Noteowner Representative shall each respond within 30 days to such proposal or such approval shall be deemed given. Upon receipt of such consent or deemed consent, the Owner shall within 60 days terminate the existing Manager's engagement and engage the new Manager. If such proposal is denied by either the Governmental Lender or the Noteowner Representative, the Owner agrees that upon receipt of notice of such denial, it shall within 60 days submit to the Governmental Lender, with copies to the Noteowner Representative, a proposal to engage another new Manager meeting the requirements of this Section 27, subject to the Governmental Lender's and Noteowner Representative's consent or deemed consent pursuant to the terms hereof.

Notwithstanding any other provision of this Section 27 to the contrary, the Noteowner Representative may at any time by written instruction to the Governmental Lender and the Owner deny the Governmental Lender's request for a replacement Manager and direct that the existing Manager be retained.

Section 28. Requirements of CDLAC. In addition to other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 4 through 6 hereof, the Owner hereby agrees to comply with each of the requirements of CDLAC set forth in this Section 28, as follows:

(a) The Owner shall comply with the CDLAC Resolution attached hereto as Exhibit E and the CDLAC Conditions set forth in Exhibit A thereto (collectively, the "CDLAC Conditions"), which conditions are incorporated herein by reference and made a part hereof. The Owner will prepare and submit to the Governmental Lender, not later than February 1 of each year, until the Project is completed, and on February 1 every three years thereafter until the end of the Compliance Period, a Certificate of Compliance II for Qualified Residential Rental Projects, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner. Such Certificate of Compliance II for Qualified Residential Rental Projects shall be prepared pursuant to the terms of the CDLAC Conditions. Additionally, the Owner will prepare and submit to the Governmental Lender, a Certificate of Completion, in substantially the form required or otherwise provided by CDLAC from time to time, executed by an authorized representative of the Owner certifying among other things to the substantial completion of the Project. Compliance with the terms of the CDLAC Conditions not contained within this Regulatory Agreement, but referred to in the CDLAC Conditions are the responsibility of the Owner to report to the Governmental Lender.

(b) The Owner acknowledges that the Governmental Lender and the Administrator shall monitor the Owner's compliance with the terms of the CDLAC Conditions. The Owner acknowledges that the Governmental Lender will prepare and submit to CDLAC, not later than March 1 of each year, until the Project is completed, and on March 1 every three years thereafter until the end of the Compliance Period, a Self-Certification Certificate in the form provided by CDLAC. The Owner will cooperate fully with the Governmental Lender in connection with such monitoring and reporting requirements.

(c) Except as otherwise provided in Section 13 of this Regulatory Agreement, this Regulatory Agreement shall terminate on the date 55 years after the date on which at least fifty percent (50%) of the units in the Project are first occupied or otherwise after the commencement of the Qualified Project Period.

(d) The Owner shall notify CDLAC in writing of: (i) any change in ownership of the Project, (ii) any change in the Governmental Lender, (iii) any change in the name of the Project or the Manager; (iv) any material default under the Funding Loan Agreement, the Loan Agreement or this Regulatory Agreement, including, but not limited to, such defaults associated with the Tax-Exempt status of the Notes, and the income and rental requirements as provided in Sections 4 and 6 hereof and the CDLAC Conditions; or (v) termination of this Regulatory Agreement.

(e) CDLAC shall have the right, but not the obligation, to deliver revised CDLAC Conditions to the Owner after the Closing Date with respect to the 2020 Note, at any time; that are not more restrictive than the original CDLAC Conditions; provided however, that, with the prior written consent of the Noteowner Representative, which will not be unreasonably withheld: (i) any changes

in the terms and conditions of the CDLAC Conditions prior to the recordation against the Project in the real property records of the County of a regulatory agreement between Owner and TCAC (“TCAC Regulatory Agreement”) shall be limited to such changes as are necessary to correct any factual errors or to otherwise conform the CDLAC Conditions to any change in facts or circumstances applicable to the Owner or the Project; and (ii) after recordation of the TCAC Regulatory Agreement, any changes in the terms and conditions of the CDLAC Conditions shall be limited to such changes as are necessary to conform Items 1, 6, 7, 10, 11, 12, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25 and/or 26 of Exhibit A to the CDLAC Conditions to any change in terms and conditions requested by Owner and approved by CDLAC. The Owner shall record or cause to be recorded in the real property records of the County an amendment to this Regulatory Agreement containing such revised CDLAC Conditions, executed by the parties hereto or their successor in title and pay any expenses in connection therewith. The Owner shall provide CDLAC with a copy of that recorded amendment reflecting the revised CDLAC Conditions.

Any of the foregoing requirements of the CDLAC contained in this Section 28 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver by CDLAC of any requirement of this Section 28 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Governmental Lender has received an opinion of Tax Counsel that any such provision is not required by the Housing Law and may be waived without adversely affecting the exclusion from gross income of interest on the Notes for federal income tax purposes; and (ii) any requirement of this Section 28 shall be void and of no force and effect if the Governmental Lender and the Owner receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Notes to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Housing Law or any other state or federal law.



IN WITNESS WHEREOF, the Governmental Lender and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**CHULA VISTA HOUSING AUTHORITY**

By: \_\_\_\_\_  
Executive Director

[Execution Page to Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants Dated as of March 1, 2023]

**OTAY AFFORDABLE I V8, L.P.,**  
a California limited partnership

By: FFAH V Otay Ranch I, LLC,  
a California limited liability company,  
its managing general partner

By: FOUNDATION FOR AFFORDABLE HOUSING  
V, INC.,  
a California nonprofit corporation  
its Sole Member

By: \_\_\_\_\_  
Deborrah A. Willard  
President

By: Otay Affordable I V8, LLC,  
a California limited liability company,  
its administrative general partner

By: \_\_\_\_\_  
Kasey Burke  
Vice President

[Execution Page to Amended and Restated Regulatory Agreement and Declaration of Restrictive  
Covenants Dated as of March 1, 2023]

**EXHIBIT A**

**DESCRIPTION OF REAL PROPERTY**

Real property in the City of Chula Vista, County of San Diego, State of California, described as follows:

**EXHIBIT B**  
**FORM OF INCOME CERTIFICATION**

**EXHIBIT C**

**FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

The undersigned, \_\_\_\_\_, being duly authorized to execute this certificate on behalf of OTAY AFFORDABLE I V8, L.P. (the “Owner”), hereby represents and warrants that:

1. The undersigned has read and is thoroughly familiar with the provisions of the following documents associated with the Borrower’s participation in the Chula Vista Housing Authority’s (the “Governmental Lender”) Multifamily Housing Revenue Note (Otay Ranch Apartments), 2020 Series A and Multifamily Housing Revenue Note (Otay Ranch Apartments), 2023 Series A-1 (Tax Exempt), such documents including:

(a) the Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) dated as of March 1, 2023 between the Owner and the Governmental Lender;

(b) the Notes executed and delivered from the Owner to the Governmental Lender representing the Owner’s obligation to repay the Loan.

2. As of the date of this certificate, the following percentages of residential units in the Project (i) are occupied by Very Low Income Tenants and Low Income Tenants (as such terms are defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant and Low Income Tenant vacated such unit; as indicated:

|                                      |                  | <b>1</b>       | <b>2</b>        | <b>3</b>        | <b>Total</b> |
|--------------------------------------|------------------|----------------|-----------------|-----------------|--------------|
|                                      | <b>Studio</b>    | <b>Bedroom</b> | <b>Bedrooms</b> | <b>Bedrooms</b> |              |
| Occupied by Very Low Income Tenants: | ___ % Unit Nos.: | _____          | _____           | _____           | _____        |

|   |                  |       |       |       |       |
|---|------------------|-------|-------|-------|-------|
| Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant: | ___ % Unit Nos.: | _____ | _____ | _____ | _____ |
|---|------------------|-------|-------|-------|-------|

|                                 |                  | <b>1</b>       | <b>2</b>        | <b>3</b>        | <b>Total</b> |
|---------------------------------|------------------|----------------|-----------------|-----------------|--------------|
|                                 | <b>Studio</b>    | <b>Bedroom</b> | <b>Bedrooms</b> | <b>Bedrooms</b> |              |
| Occupied by Low Income Tenants: | ___ % Unit Nos.: | _____          | _____           | _____           | _____        |

|  |                  |       |       |       |       |
|--|------------------|-------|-------|-------|-------|
| Held vacant for occupancy continuously since last occupied by a Low Income Tenant: | ___ % Unit Nos.: | _____ | _____ | _____ | _____ |
|--|------------------|-------|-------|-------|-------|

3. The Owner hereby certifies that the Owner is not in default under any of the terms of the above documents and no event has occurred which, with the passage of time, would constitute an event of default thereunder, with the exception of the following [state actions being taken to remedy default].

OTAY AFFORDABLE I V8, L.P.,  
a California limited partnership

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT D**

**CDLAC RESOLUTIONS**

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**RESOLUTION NO. 20-435**

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**

**RESOLUTION NO. 22-286**