

Recording requested by and
when recorded mail to:

California Tax Credit Allocation Committee
901 P Street, Suite 213A
P.O. Box 942809
Sacramento, CA 94209-0001

APN & Situs: Please refer to Exhibit A

Free Recording Requested
In Accordance With
Government Code 27383

Space above this line
for Recorder's use

REGULATORY AGREEMENT

Federal Credits
(Ground Lease)

This Regulatory Agreement (this "Agreement") is made between the California Tax Credit Allocation Committee ("CTCAC"), established under Section 50199.8 of the Health and Safety Code of the State of California, ~~and~~ ("Owner"), and ~~and~~ ("Lessor") and is dated as of (the "Effective Date"). The Owner has requested and CTCAC has authorized an allocation relating to the low-income housing tax credit (the "Federal Tax Credit") under Section 42 of the Internal Revenue Code of 1986 (collectively, the "Tax Credit"). The Tax Credit relates to a multifamily rental housing project known as , identified in the records of CTCAC by CTCAC# CA-23- and IRS Building Identification Number CA-23- (the "Project"), and located on the real property described in Exhibit A of this Agreement, attached hereto and incorporated herein (the "Property"). Owner is the owner of a leasehold interest in the Property and the owner of a fee interest in all improvements now or hereafter located thereon which comprises the Project pursuant to a [title of lease] Lease dated , between [lessor] and [lessee]. A Memorandum of [Ground] Lease evidencing the leasehold estate was recorded in the official records of County on as Instrument No. . ~~CTCAC and Owner will execute a Lease Rider concurrently with the execution of this Agreement which amends the terms of [title of lease] Lease dated .~~ This Agreement is intended to constitute the extended low income housing commitment required by Section 42(h)(6) of the Internal Revenue Code. Accordingly, in consideration of the allocation relating to the Tax Credit by CTCAC and the requirements of the Internal Revenue Code, the ~~Owner and CTCAC parties~~ hereby agree as follows:

Section 1. Definitions.

a. Unless the context otherwise requires, capitalized terms used in this Agreement shall have the following meanings:

"Agreement" means this Regulatory Agreement ~~between CTCAC and the Owner~~.

"Applicable Fraction" means the smaller of the Unit Fraction or the Floor Space Fraction, all calculated in accordance with Section 42(c)(1) of the Code.

"Area Median Gross Income" means the median gross income of the area in which the Project is located as determined by the Secretary for purposes of Section 42 of the Code, including adjustments for family size.

"Assumption Agreement" shall have the meaning assigned in Section 17 hereof.

"Code" means those provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto.

"Compliance Period" means the period of 55 (or 50 if the Project is located on tribal trust land) consecutive taxable years beginning with the first taxable year of the Credit Period.

"Credit Period" means, with respect to the State Tax Credit, the period of four taxable years beginning with the taxable year the Project is placed in service or (at the election of the Owner) the succeeding taxable year, and with respect to the Federal Tax Credit, the period of ten taxable years beginning with the taxable year the Project is placed in service or (at the election of the Owner) the succeeding taxable year, as further provided pursuant to Section 2b hereof.

"Effective Date" means the date first set forth herein above.

"Federal Tax Credit" means the low-income housing tax credit under Section 42 of the Code.

"Floor Space Fraction" means the fraction, the numerator of which is the total floor space of the Low-Income Units in a building and the denominator of which is the total floor space of the Units in such building.

"Gross Rent" means all amounts paid by a Tenant for rent, determined in a manner consistent with Section 42(g)(2) of the Code. If the Tenant pays utilities directly, Gross Rent shall include any utility allowance prescribed by the Secretary.

"Ground Lease" means the Owner's lease of the Property upon which the Project is constructed and operated, ~~and includes a CTCAC-approved Lease Rider~~.

"Income" means the income of a Tenant determined in a manner consistent with the requirements of Section 142(d)(2)(B) of the Code.

"Low-Income" means, with respect to any Tenant, an income level not exceeding 50% or 60% of Area Median Gross Income, as provided in Section 4c hereof, or such alternative income level as may be set forth in Appendix A.

"Low-Income Tenant" means a Tenant who, when the Tenant originally occupied the Unit, had an Income qualifying as Low- Income. For so long as the Tenant occupies the particular Unit [or another unit in the same building], the Tenant will remain a Low-Income Tenant if the

Tenant's Income, upon the most recent income certification, does not exceed 140% of Low-Income.

"Low-Income Unit" means a Unit in the Project that is occupied by a Low-Income Tenant, is Rent-Restricted and meets the other requirements of Section 42 of the Code, in particular, Section 42(i)(3).

"Minimum Amount" means the number of Units in the Project required to be Low-Income Units, which Minimum Amount for this Project is 20% or 40% of the Units, as provided in Section 4c hereof. Notwithstanding the Minimum Amount, the Applicable Fraction for this project shall be no less than that set forth at Section 4d hereof.

"Owner" means or successors.

"Project" means the residential rental housing project known as , CTCAC# CA-23- , and located on the real property described in Exhibit A.

"Qualified Low-Income Housing Project" means a residential rental project meeting the requirements of Section 4 hereof.

"Rent-Restricted" means, with respect to any Unit, that the Gross Rent 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 A, if applicable.

"Secretary" means the Secretary of the Treasury of the United States.

"Service" means the United States Internal Revenue Service and any successor thereto.

"Tax Credit" means the low-income housing tax credit under Section 42 of the Code.

"CTCAC" means the California Tax Credit Allocation Committee and its successor.

"CTCAC Compliance Monitoring Procedures" means those procedures and requirements adopted or imposed by CTCAC for the purpose of discharging its responsibilities pursuant to Section 42(m)(1)(B)(iii) of the Code to monitor compliance by the Owner and the Project with the provisions of Section 42 of the Code and notify the Service of instances of noncompliance.

"Tenant" means the individual or individuals entitled to occupy a Unit in the Project by lease or other legal relationship with the Owner.

"Unit" means any residential rental unit in the Project consisting of an accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation; provided, however, that single room occupancy units used on a nontransient basis may be treated as Units.

"Unit Fraction" means the fraction, the numerator of which is the number of Low-Income Units in a building and the denominator of which is the number of Units in such building.

b. Any term or phrase which is used in this Agreement and not defined herein shall have the meaning, if any, assigned thereto in Section 42 of the Code. Any term or phrase which is defined herein shall, unless the context shall clearly indicate otherwise, be interpreted in a manner consistent with the provisions and requirements of Section 42 of the Code.

Section 2. Term.

a. This Agreement shall commence as of the Effective Date and shall terminate on the last day of the Compliance Period (the "Term"), unless earlier terminated pursuant to Section 2c hereof.

b. The Credit Period commences with respect to each building in the Project (i) the taxable year in which the building is placed in service or (ii) the succeeding taxable year, at the irrevocable election of the Owner pursuant to Section 42(f)(1)(B) of the Code. In the case of the Project, the Credit Period begins in the calendar year 20____ and **as set forth at Appendix A with respect to individual buildings.**

c. Notwithstanding subsection 2.a., and consistent with Section 42(h)(6)(E) of the Code, this Agreement shall terminate with respect to any building in the Project on the date such building is acquired by foreclosure or instrument in lieu of foreclosure ~~or by termination of the Ground Lease~~ unless the Secretary determines that such acquisition is part of an arrangement a purpose of which is to terminate the Compliance Period, ~~or by termination of the Ground Lease consistent with Section 27~~; provided, however, that, except for eviction for good cause, the Tenant of any Low-Income Unit shall be entitled to occupy such Unit in accordance with the provisions of this Agreement for a period of three years following such termination.

Section 3. Filing and Subordination. This Agreement, ~~and all amendments hereto and the Ground Lease and CTCAC Lease Rider,~~ shall be recorded as a restrictive covenant in the official records of the County of _____ in which the Project is located. ~~Notwithstanding the order of recordation, the parties agree this Agreement is, and shall at all times during the term of the CTCAC Lease Rider, be subject and subordinate to the concurrently executed CTCAC Lease Rider.~~ The Owner shall pay all fees and charges incurred in connection with such recording.

The Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the Term of this Agreement, that this Agreement and the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the ~~leasehold estate~~
~~Project land~~, encumbering the Project land for the Term of this Agreement and binding upon the Owner's successors in title and all subsequent owners and operators of the Project land, and (ii) shall bind the Owner (and the benefits shall inure to CTCAC and any past, present or prospective Tenant of the Project) and its respective successors and assigns during the Term of this Agreement. The Owner hereby agrees that any and all requirements of the laws of the State of California to be satisfied in order for the provisions of this Agreement to constitute deed

restrictions and covenants running with the ~~leasehold estate~~~~Project land~~ shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the ~~leasehold estate~~~~Project land~~. For the Term of this Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Agreement; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Agreement.

Section 4. Qualified Low-Income Housing Project.

a. The Owner shall maintain the Project as a Qualified Low-Income Housing Project within the meaning of Section 42 of the Code at all times, commencing with the last day of the first year of the Credit Period and continuing throughout the Term of this Agreement. To this end, and without limitation, the Owner shall --

- (i) operate the Project such that at least the Minimum Amount of the Units in the Project are Low-Income Units, and
- (ii) assure that Units in the Project are (A) available for use by the general public, (B) suitable for occupancy and (C) used on other than a transient basis.

b. During the Term of this Agreement, the Owner shall not evict, terminate the tenancy, or refuse to renew the lease or rental agreement of any Tenant of any Low-Income Unit without good cause.

c. For purposes of this Agreement and Section 42 of the Code, the Owner has elected to comply with the:

- "20-50 Test" pursuant to which "Low-Income" is defined as 50% of Area Median Gross Income and the Minimum Amount is 20% of the Units in the Project;
- "40-60 Test" pursuant to which "Low-Income" is defined as 60% of Area Median Gross Income and the Minimum Amount is 40% of the Units in the Project; or
- "Average Income Test" pursuant to which "Low-Income" is defined as 80% of Area Median Gross Income, the Minimum Amount is 40% of the Units in the Project, and the average of the imputed income limitations of the Low-Income Units shall not exceed 60% of Area Median Gross Income.

d. The amount of Tax Credit allocated to the Project is based on the requirement that the Applicable Fraction for buildings in the Project will be 100% or as specified, building-by-building, at Appendix A. The Owner's failure to ensure that each building in the Project complies with such requirement will cause CTCAC to report such fact to the Service which may

result in the reduction and recapture by the Service of Tax Credit, and (ii) to take other appropriate enforcement action, including, but not limited to, the remedies provided herein.

e. The Owner may not refuse to lease a Unit in the Project to a prospective Tenant who holds a voucher or certificate of eligibility for assistance pursuant to Section 8 of the United States Housing Act of 1937, as amended, because of the status of such prospective Tenant as the holder of such voucher or certificate.

f. The Project and the Owner are subject to the additional and/or modified requirements, if any, set forth at Appendix A, which requirements are incorporated herein and made a part hereof.

Section 5. Annual Determinations; Low-Income Units. Upon initial occupancy and, unless otherwise allowed under Section 42 of the Code, at least annually thereafter, the Owner shall determine and certify the Income of each Low-Income Tenant. If, upon any such annual certification, the Tenant of a Low-Income Unit who was, at the last income certification, a Low-Income Tenant, is found no longer to be a Low-Income Tenant, such Unit will continue to be treated as a Low-Income Unit until the next available Unit of comparable or smaller size in the building (i) is rented to a person who is not a Low-Income Tenant or (ii) is rented without being Rent-Restricted. A Low-Income Unit that has been vacated will continue to be treated as a Low-Income Unit provided that (I) reasonable attempts are made to rent the Unit and (II) no other Units of comparable or smaller size in the building are rented to persons who are not Low-Income Tenants or are rented without being Rent-Restricted. In no case will a Unit be treated as a Low-Income Unit if all the Tenants of the Unit are students (as determined under Section 151(c)(4) of the Code), no one of whom is entitled to file a joint income tax return; provided, however, that such rule shall not apply to the types of students identified at Section 42(i)(3)(D) of the Code, or any successor to such provision, as applicable to the Project.

Section 6. Compliance Monitoring. The Owner acknowledges that CTCAC is required, pursuant to Section 42(m)(1)(B)(iii) of the Code, (i) to monitor the Owner's and the Project's compliance with the requirements of Section 42 of the Code and (ii) to notify the Service of any noncompliance which is found. The Owner agrees (I) to maintain records that substantiate and document such compliance, preserving such records for the period required by the Service and CTCAC, (II) to take all actions required by CTCAC pursuant to the CTCAC Compliance Monitoring Procedures to assist or cooperate with CTCAC in monitoring such compliance and (III) to pay the fee prescribed by CTCAC with respect to such monitoring. The CTCAC Compliance Monitoring Procedures require, among other things, that the Owner annually certify to CTCAC (on such forms as are prescribed by CTCAC) the number of Units in the Project which are Low-Income Units, the percentage of floor space in the Project which is allocable to Low-Income Units, that the Project continues to be a Qualified Low-Income Housing Project; provided, however, that in the first year of the Credit Period, the Owner shall certify individually with respect to each month of such year the number of Low-Income Units in the Project and the percentage of floor space devoted to such Units on the last day of the month. The Owner is responsible for full adherence to the CTCAC Compliance Monitoring Procedures without regard to whether particular requirements of those procedures are enumerated in this Agreement. The Owner agrees CTCAC may, at any time during the construction, rehabilitation, or operation of

the Project, enter and inspect the Project to evaluate its physical and financial condition, construction, rehabilitation, operation, management and maintenance.

Section 7. Notification of Noncompliance. The Owner agrees to notify CTCAC or its designee if there is a determination by the Service that the Project is not a "qualified low-income housing project" within the meaning of Section 42(g) of the Code. Notification to CTCAC will be made within ten business days of receipt of any such determination.

Section 8. Accessible Units: Reasonable Accommodations. Projects with fully accessible units for occupancy by persons with mobility impairments or hearing, vision or other sensory impairments shall provide preference for those units as follows:

- a. First, to a current occupant of another Unit of the same project, or comparable projects under common control, having a disability requiring the accessibility features of the vacant Unit and occupying a Unit not having such features, or if no such occupant exists, then
- b. Second, to an eligible qualified Tenant on the waiting list having a disability requiring the accessibility features of the vacant Unit.

If no person meeting the criteria in (a) or (b) is available, the Unit may be offered to a tenant who does not need the Unit's accessibility features.

- c. When offering an accessible Unit to a prospective Tenant not having a disability requiring the accessibility features of the Unit, the Owner or manager shall require the prospective Tenant to agree (and may incorporate this agreement in the lease) to move to a non-accessible Unit when available.
- d. Owners and managers shall adopt a process to market information about the availability of accessible units to eligible individuals with disabilities, and shall take reasonable nondiscriminatory steps to maximize the utilization of such units by eligible individuals whose disability requires the accessibility features of the particular unit.

Section 9. Reserve accounts. All reserve accounts shall be used to maintain the property (which does not include repayment of loans) and/or benefit its residents. The minimum replacement reserve deposit for projects shall be [three hundred dollars (\$300) per unit per year] or for new construction or senior projects [two hundred fifty dollars (\$250) per unit per year] [insert what is applicable]. The on-going funding of the replacement reserve in this amount is a requirement of this Agreement during the Compliance Period, and the Owner shall maintain these reserves in a segregated account. Funds in the replacement reserve shall only be used for capital improvements or repairs.

An operating reserve shall be funded in an amount equal to three months of estimated operating expenses and debt service under stabilized occupancy. Additional funding will be required only if withdrawals result in a reduction of the operating reserve account balance to 50% or less of the originally funded amount. An equal, verified operating reserve requirement of any other debt or equity source may be used as a substitute, and the reserve may be released

following achievement of a minimum annual debt service ratio of 1.15 for three consecutive years following stabilized occupancy only to pay deferred developer fee. Upon Committee approval, operating reserve amounts in excess of industry norms may be considered “reasonable costs,” for purposes of this subsection, only for homeless assistance projects under the Non-Profit Set-Aside, as described in Section 10315(b), Special Needs projects, HOPE VI projects, or project based Section 8 projects. The original Sources and Uses budget and the final cost certification shall demonstrate the initial and subsequent funding of the operating reserves.

Section 10. Security for Performance. The Owner hereby assigns its interest in the rents from the Project to CTCAC as security for the performance of the Owner's obligations under this Agreement. However, until and unless the Owner defaults in its obligations under this Agreement, the Owner is entitled to collect, retain and apply such rents.

Section 11. Remedies. In the event the Owner defaults in its obligations under this Agreement and such default is not cured within a reasonable time period, the remedies of CTCAC, the Tenants and any former or prospective Low-Income Tenants shall include, but are not limited to, the following:

- a. collecting all rents with respect to the Project and applying them (i) to meet the ongoing costs of operating the Project, (ii) to pay debt service, (iii) to reimburse any Low-Income Tenants who may have been charged a Gross Rent above the applicable Rent-Restricted level or (iv) to assure the long-term, Low-Income use of the Project consistent with the requirements of Section 42 of the Code and this Agreement;
- b. taking possession of the Project and operating the Project in accordance with the requirements of this Agreement, including the collection and application of rents in accordance with subsection a of this Section 11, until the Owner demonstrates that it will operate the Project in accordance with this Agreement;
- c. applying to any court for specific performance of any of the obligations herein set forth;
- d. securing the appointment of a receiver to operate the Project in a manner consistent with this Agreement, including subsections a and b of this Section 11;
- e. suit against the Owner for damages or for the disgorgement of rents collected in excess of those which would have been received had the Owner complied with the requirements of this Agreement;
- f. requiring the replacement of the manager of the Project with a property manager approved by CTCAC, in the event the Owner fails to maintain the Project in sound and habitable condition, such that each Low-Income Unit is suitable for occupancy in accordance with the requirements of Section 42(i)(3)(B)(ii) of the Code and Section 4a of this Agreement;
- g. requiring the payment of an increased compliance monitoring fee by the Owner for such period as CTCAC determines appropriate; and

h. such other relief as may be appropriate.

Section 12. Transfer Event. The Owner shall obtain written approval of the CTCAC Executive Director for any Transfer Event, as defined in the CTCAC regulations.

Section 13. Enforceability. This Agreement may be enforced by CTCAC or its designee, including any agency of State or local government identified at Appendix A hereto or otherwise in a written notice provided by CTCAC to Owner. In addition, the Agreement shall be deemed a contract enforceable by, and shall inure to the benefit of, one or more Tenants or persons meeting the Low-Income restriction, whether past, present, or prospective Tenants, as third-party beneficiaries hereof. CTCAC, its designee and/or any Tenant or other third-party beneficiary shall be entitled to reasonable attorneys' fees and other legal costs in any judicial or administrative action in which such party shall prevail.

Section 14. No Conflicting Agreements. The Owner warrants that it is not bound by and will not execute any other agreement with provisions that bind it to violate the provisions of this Agreement; provided, however, that with the approval of CTCAC, this Agreement may be subordinated, if required, to any lien or encumbrance of any banks or other institutional lenders to the Project; provided, further, that the terms of any such subordination shall provide that (i) prior to any such lender's acquisition of the Project by foreclosure or instrument in lieu of foreclosure, the exercise of any remedy or authority by any such lender shall be subject to all of the requirements of the Agreement, and (ii) subsequent to any such lender's acquisition of the Project by foreclosure or instrument in lieu of foreclosure, the requirement of Section 2c hereof, with respect to the continuation of occupancy and rent restrictions for three years following certain terminations of this Agreement, shall remain in effect.

Section 15. Successors Bound. This Agreement and the covenants and conditions contained herein shall run with the ~~leasehold estate~~~~Project~~ ~~land~~ and shall bind, and the benefits shall inure to, respectively, the Owner and its successors and assigns and all subsequent owners of the Project or any interest therein, and CTCAC and its successors and assigns, for the Term of this Agreement, without regard to whether any such parties shall have executed an Assumption Agreement with respect hereto. Upon termination of this Agreement, the covenants and conditions contained herein shall expire, except that the requirement of Section 2c hereof, with respect to the continuation of occupancy and rent restrictions for three years following certain terminations of this Agreement, shall remain in effect.

Section 16. Amendments; Waivers. Except as otherwise provided in this Agreement, this Agreement may not be amended, changed, modified, altered or terminated except by written instrument executed and acknowledged by each of the parties hereto or their successors and duly recorded in the official records of the county in which this Agreement is recorded. Any waiver of any provision of this Agreement shall not be deemed to be an amendment hereof. Upon request by CTCAC, the Owner agrees that it will take all actions necessary to effect any amendment of this Agreement which may be necessary in CTCAC's sole discretion to comply with the Code, and any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Tax Credits.

Section 17. Assignment by Owner. The Owner may not sell or otherwise dispose of any portion of any building in the Project unless it disposes of the entire building to the same person. Upon sale or transfer of the Project, the Owner shall be relieved of all obligations under the Agreement and the transferee shall succeed to and be bound by all of the Owner's rights and obligations hereunder, without regard to whether the transferee has executed an Assumption Agreement as hereinafter provided. Prior to any transfer of the Project, the Owner shall notify CTCAC in writing and provide the name(s) and address(es), financial reports, and other relevant information of the prospective successor owner and operator. The Owner shall require, as a condition precedent to any sale, transfer or exchange or any other disposition of the Project prior to termination of this Agreement, that the purchaser or successor assume, in writing, in an Assumption Agreement acceptable to CTCAC, the Owner's obligations hereunder and under Section 42 of the Code and applicable regulations, which Assumption Agreement shall be delivered to CTCAC in executed, recordable form prior to any such sale, transfer or exchange. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any building in the Project. The Owner agrees that any sale, transfer or exchange of the Project without execution of an Assumption Agreement or otherwise in contravention of the provisions of this Section 17 shall be voidable at the discretion of CTCAC. Changes in the constituents of the Owner shall not constitute a default under this Agreement. Owner acknowledges that the sale, transfer or exchange of the Project, or any interest in the Project or the Owner, consistent with the requirements of this Agreement, does not relieve the Owner or any of its constituents from any obligations which it may have under Section 42 of the Code, including those with respect to recapture of Tax Credit or any alternative thereto.

Section 18. Owner Default on Ground Lease. Owner shall timely cure any properly noticed default under the terms of the Ground Lease. Owner authorizes CTCAC to enter the Project after reasonable prior written notice or pursuant to a court order for the purpose of mitigating defaults or exercising its right to cure any defaults and any other powers given CTCAC under this Agreement.

Section 198. Notices. All notices, certificates or other communications shall be sufficiently given and shall be deemed received on the second day following the date on which the same have been mailed by certified mail, postage prepaid, or sent by other method which produces evidence of delivery thereof, addressed as follows:

To the CTCAC:

California Tax Credit Allocation Committee
901 P Street, Suite 213A
P.O. Box 942809
Sacramento, CA 94209-0001

To the Owner:

To the Lessor:

~~The parties CTCAC 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.

Section 2019. Indemnification. The Owner agrees to indemnify and hold harmless the Chairperson, CTCAC committee members, CTCAC officers, directors and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by CTCAC as a result of any material inaccuracy in any of the representations and warranties contained in this Agreement, or as a result of any action by the Owner, including claims by third parties.

The Owner agrees that should any claims, demands, suits or other legal proceedings be made or instituted by any person against CTCAC which arise out of any of the matters relating to this Agreement, the Owner will cooperate fully with CTCAC in the defense or other disposition thereof.

Section 210. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 224. Governing Law. This Agreement shall be governed by the laws of the State of California, excluding conflicts provisions, and, where applicable, the laws of the United States of America.

Section 232. Survival of Obligations. The obligations of the Owner as set forth herein and in the application shall survive the allocation of the Tax Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

Section 243. Interpretation. CTCAC's interpretation of this Agreement shall be controlling for purposes of determining whether (i) the Compliance Period shall have commenced, (ii) this Agreement shall have been terminated in accordance with Section 2 hereof, and (iii) the Additional Use Restrictions elected at Appendix A hereto, if any, shall have been complied with.

Section 25. Partial Execution and Enforceability. This Agreement shall be effective and binding upon each party immediately upon that party's execution, regardless of whether all other parties have executed the Agreement. The failure or delay of any party to execute this Agreement shall not affect the enforceability of the Agreement as to the parties who have executed it, unless otherwise expressly stated herein.

Section 26. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 27. Lessor Provisions. Lessor, as fee simple owner of that certain real property described in Exhibit A and as lessor under the Ground Lease, by signing below, acknowledges and agrees:

- (a) to consent and approve the terms of this Agreement to the extent such consent and approval reasonably necessary or required under the Ground Lease;
- (b) to waive any provisions of the Ground Lease which would prevent the Owner's compliance with this Agreement;
- (c) to, except as provided in (d), provide CTCAC with written notice of any Ground Lease termination, subordination, cancellation, surrender, amendment, or modification and CTCAC shall be deemed to have consented to any such noticed variation if CTCAC fails to consent, deny, or request clarification within 30 days of delivery of such notice;
- (d) to terminate the Ground Lease after Owner's default under the Ground Lease only after both expiration of any grace period given to Owner under the Ground Lease to cure a default and providing CTCAC written notice specifying each default and the methods of cure and a reasonable amount of time, but no less than 90-days starting the date CTCAC is provided written Notice of Default, to cure the default; and
- (e) to, upon reasonable request, promptly provide CTCAC a written statement declaring, to the best of Lessor's knowledge, any information relating to the condition of the Property and the Ground Lease reasonably requested by CTCAC.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective duly authorized representatives, as of the day and year first written above. ~~The undersigned Owner of the property described on Exhibit A hereto, hereby consents to recordation of this Regulatory Agreement against such property, and agrees that such property shall be bound by the provisions thereof.~~

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

By _____
Marina Wiant
Executive Director

By _____
Owner

Type or print name

Title

The undersigned Lessor executes this agreement for the sole purpose of acknowledging and agreeing to the provisions of Section 27 and shall not be subject to any other provisions of this Agreement.

By _____
Lessor

Type or print name

Title

ACKNOWLEDGMENT

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

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ **(Seal)**

EXHIBIT A
to Regulatory Agreement

Description of the real property
on which the Project is located
[Tribal Trust Land] Delete if N/A

CA-23-
Location:

Legal Description:

Project Size Description:

Buildings
 Low-Income Units; Manager's Unit
 SRO; 1-Bedroom; 2-Bedroom;
 3-Bedroom; 4-Bedroom;
 5-Bedroom

APPENDIX A
ADDITIONAL USE RESTRICTIONS

Designation of First Year of Credit Period by Building

Building Id. CA-_____ First Year of Credit Period 20_____

Building Id. CA-_____ First Year of Credit Period 20_____

Building Id. CA-_____ First Year of Credit Period 20_____

Minimum Applicable Fraction by Building

Building Id. CA-_____ Minimum Applicable Fraction _____%

Building Id. CA-_____ Minimum Applicable Fraction _____%

Building Id. CA-_____ Minimum Applicable Fraction _____%

Material Participation by Qualified Nonprofit Organization

Throughout the Compliance Period, a "qualified nonprofit organization" within the meaning of Section 42(h)(5)(C) of the Code shall own an interest in the Project and shall materially participate (within the meaning of Section 469(h)) in the development and operation of the Project. [KEEP section only if project **APPLIED** through the Non-Profit set-aside allocation]

Income Target

Throughout the Compliance Period, unless otherwise permitted by CTCAC, Units must be occupied by Tenants such that the Gross Income of Tenants is at or below the following. Units shall be Rent-Restricted in accordance with such Income level.

- _____ Low-Income Units at or below 30% of Area Median Gross Income

Of the total _____ Low-Income Units at or below 30% of Area Median Gross Income:

- At least _____ Units shall be One-Bedroom or larger
- At least _____ Units shall be Two-Bedroom or larger
- At least _____ Units shall be Three-Bedroom or larger
- At least _____ Units shall be Four-Bedroom or larger

- _____ Low-Income Units at or below _____ % of Area Median Gross Income
- _____ Low-Income Units at or below _____ % of Area Median Gross Income
- _____ Low-Income Units at or below _____ % of Area Median Gross Income

Housing Type: Targeted Population and Physical Facility Features

Large Family Project

- At least twenty-five percent (25%) of the Low-Income Units in the project are three-bedroom or larger units and for projects that received land use entitlements on or after January 1, 2016 at least an additional twenty-five percent (25%) of the Low-Income Units in the project shall be two-bedroom or larger units; [REVISE bullet section IF waived]
- One-bedroom Units must include at least 450 square feet and two-bedroom Units must include at least 700 square feet of living space. Three-bedroom Units shall include at least 900 square feet of living space and four-bedroom Units shall include at least 1,100 square feet of living space, unless these restrictions conflict with the requirements of another governmental agency to which the project is subject; [REVISE bullet section IF waived]
- Four-bedroom and larger Units shall have at least two full bathrooms;
- The project shall provide play/recreational facilities suitable and available to all tenants, including children of all ages, except for small developments of 20 Units or fewer. Play/recreational area for children ages 2-12 years shall be outdoors, and the minimum square footage is 600 square feet and must include an accessible entrance point. For projects with more than 100 total Units this square footage shall be increased by 5 square feet for each additional Unit. Outdoor play/recreational space must be equipped with reasonable play equipment for the size of the project, and the surface must be natural or synthetic protective material. The outdoor play area of an onsite day care center may qualify as a play area for children 2-12 years for purposes of this section if it is available to children when the day care center is not open. The application must demonstrate the availability of play or recreational facilities suitable for children ages 13-17. Square footage of a community building cannot be included for the play/recreational area for children ages 13-17 unless that square footage is accessible to minors at all times between 6 a.m. and 10 p.m. except when the area is reserved for service amenities or special events. Rehabilitation projects with existing outdoor play/recreational facilities may request a waiver of the minimum square footage requirement if outdoor play/recreational facilities of a reasonable size and type currently exist onsite. The written waiver must be approved prior to the application submission. The Executive Director, has the sole discretion to waive this requirement upon demonstration of nearby, readily accessible, recreational facilities; [REVISE IF waived, delete if N/A]
- The project shall provide an appropriately sized common areas. For purposes of this part, common areas shall include all interior amenity space, such as the rental office, community room, service space, computer labs, and gym, but shall not include laundry rooms or manager living units. Common areas shall meet the following size requirement: projects comprised of 30 or less units, at least 600 square feet; projects from 31 to 60 units, at least 1000 square feet; projects from 61 to 100 total units, at least 1400 square feet; projects over 100 units, at least 1800 square feet. Small developments of 20 or fewer Low-Income Units are exempt from this requirement. At the discretion of the

Executive Director, these limits may be waived for rehabilitation projects with existing common area prior to the application submission; [REVISE IF waived, delete if N/A]

- Adequate laundry facilities shall be available on the project premises, with at least one washer and one dryer for every 10 units in the project. The requirement shall be reduced by 25% for projects where all units in the project include hook-ups for washers and dryers. If no centralized laundry facilities are provided, washers and dryers shall be provided in each of the units in the project;
- Dishwashers shall be provided in all units except for studio and SRO units unless a waiver is granted by the Executive Director; [REVISE IF waived, delete if N/A]
- Projects are subject to a minimum low-income use period of 55 years (50 years for Projects located on tribal trust land).

Senior project

- All units shall be restricted to households under applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act and further be subject to state and federal fair housing laws with respect to senior housing;
- For new construction projects, one half of all Units on an accessible path (ground floor and elevator-serviced) shall be mobility accessible under the provisions of California Building Code (CBC) Chapter 11(B);
- For rehabilitation projects, 25% of all Units on an accessible path (ground floor and elevator-serviced) shall be mobility accessible under the provisions of CBC Chapter 11(B).
- All projects with elevators must comply with CBC Chapter 11(B) accessibility requirements for elevators. All project owners must provide adequate and visible notice to tenants of their ability to request conversion of their adaptable unit to an accessible unit. These Units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project consistent with 24 CFR Section 8.26 unless a waiver is granted by the Executive Director; [REVISE IF waived, delete if N/A]
- Buildings over two stories shall have an elevator;
- No more than twenty percent (20%) of the Low-Income Units in the project shall be larger than one-bedroom units, unless a waiver is granted by the Executive Director; [REVISE IF waived, delete if N/A]
- One-bedroom Units must have at least 450 square feet and two-bedroom Units must include at least 700 square feet of living space. These limits may be waived for rehabilitation projects, at the discretion of the Executive Director, prior to application submission; [REVISE IF waived, delete if N/A]
- Emergency call systems are required in units intended for occupancy by frail elderly populations requiring assistance with activities of daily living, and/or applying as special needs units. The owner shall provide 24-hour monitoring, unless an alternative monitoring system is approved by the Executive Director;
- Common areas shall be provided on site, or are within approximately one-half mile of the subject property. For purposes of this part, common areas shall include all interior amenity space, such as the rental office, community room, service space, computer labs, and gym, but shall not include laundry rooms or manager living units. Common areas

shall meet the following size requirement: projects comprised of 30 or less units, at least 600 square feet; projects from 31 to 60 units, at least 1000 square feet; projects from 61 to 100 total units, at least 1400 square feet; projects over 100 units, at least 1800 square feet. Small developments of 20 or fewer low-income units are exempt from this requirement. These limits may be waived, at the discretion of the Executive Director, for rehabilitation projects with existing common area; [REVISE IF waived, delete if N/A]

- Adequate laundry facilities shall be available on the project premises, with at least one washer and one dryer for every 15 units in the project. The requirement shall be reduced by 25% for projects where all units in the project include hook-ups for washers and dryers. If no centralized laundry facilities are provided, washers and dryers shall be provided in each of the units in the project;
- Projects are subject to a minimum low-income use period of 55 years (50 years for Projects located on tribal trust land).

Special Needs project

- At least 45% of the Low-Income Units in the Project shall serve populations that meet one of the following: are individuals living with physical or sensory disabilities and transitioning from hospitals, nursing homes, development centers, or other care facilities; individuals living with developmental or mental health disabilities; individuals who are survivors of physical abuse; individuals who are homeless as described in Section 10315(b); individuals with chronic illness, including HIV; homeless youth as defined in Government Code Section 12957(e)(2); families in the child welfare system for whom the absence of housing is a barrier to family reunification, as certified by a county; or another specific group determined by the Executive Director to meet the intent of this housing type. Throughout the Compliance Period, Low-Income Units must be occupied by Tenants that meet this requirement;
- Homeless youth and federal student rule. After the 15-year federal compliance period has lapsed, special needs Units designated in the application for homeless youth may be occupied entirely by full-time students who are not dependents of another individual;
- The non-special needs Low-Income units must meet one of the following criteria: (i) large family or senior housing type requirements; (ii) consist of at least 20% one-bedroom Units and at least 10% larger than one-bedroom Units; or (iii) at least 90% of all Low-Income Units (both special needs and non-special needs) are SRO Units;
- SRO Units are efficiency units that may include a complete private bath and kitchen but generally do not have a separate bedroom, unless the configuration of an already existing building being proposed to be used for an SRO dictates otherwise. The minimum size for SRO Units shall be 200 square feet, and the size shall not exceed 500 square feet. These bedroom and size requirements may be waived for rehabilitation projects or for projects that received entitlements prior to January 1, 2016 at the discretion of the Executive Director. [REVISE IF waived, delete if N/A] A project that includes SRO Units without complete private baths shall provide at least one bath for every eight SRO Units;
- One-bedroom Units must include at least 450 square feet, and two-bedroom Units must include at least 700 square feet of living space. Three-bedroom Units shall include at least 900 square feet of living space. These bedroom and size requirements may be waived for rehabilitation projects or for projects that received entitlements prior to

January 1, 2016 at the discretion of the Executive Director; [REVISE IF waived, delete if N/A]

- Average targeted income for the special needs and non-special needs SRO Units is no more than forty percent (40%) of the area median income;
- The Units and building configurations (including community space) meet the specific needs of the population, including kitchen needs for SRO Units without full kitchens;
- Adequate laundry facilities shall be available on the project premises, with at least one washer and one dryer for every 15 units in the project. The requirement shall be reduced by 25% for projects where all units in the project include hook-ups for washers and dryers;
- Projects are subject to a minimum low-income use period of 55 years (50 years for Projects located on tribal trust land).

Single Room Occupancy (SRO)

- Average targeted income is no more than forty percent (40%) of the area median income;
- At least 90% of all units shall be SRO units. SRO units (as defined in Section 10302) are efficiency or studio units that may include a complete private bath and kitchen but generally do not have a separate bedroom, unless the configuration of an already existing building being proposed to be used for an SRO dictates otherwise. The minimum size for SRO units shall be 200 square feet, and the size shall not exceed 500 square feet. These bedroom size requirements may be waived for rehabilitation projects, at the discretion of the Executive Director; [REVISE IF waived, delete if N/A]
- At least one bath shall be provided for every eight units;
- The project configuration, including community space and kitchen facilities, shall meet the needs of the population, and comply with Section 10325(f)(7)(E);
- Adequate laundry facilities shall be available on the project premises, with at least one washer and one dryer for every 15 units in the project. The requirement shall be reduced by 25% for projects where all units in the project include hook-ups for washers and dryers;
- Projects are subject to a minimum low-income use period of 55 years (50 years for projects located on tribal trust land);

At-Risk

- The Project is At-Risk as defined in the CTCAC regulations and California Revenue and Tax Code subsection 17058(c)(4);
- Projects are subject to a minimum low-income use period of 55 years (50 years for Projects located on tribal trust land).

Site Amenities

Throughout the Compliance Period, unless otherwise permitted by CTCAC, the Project shall include the following site amenities:

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Service Amenities

The Project shall include the following service amenities which must be of a regular and ongoing nature and provided to Tenants free of charge (with exception of licensed child care), appropriate to the Tenant population served, on-site or within ½ mile of the project site, and committed for a minimum period of 15 years:

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Agency Designated to Enforce

At any time during the Compliance Period, the California Tax Credit Allocation Committee may designate an agency of local government to enforce the terms of this Agreement. The California Tax Credit Allocation Committee designates the following agency of local government for such purpose:
