

Recording requested by and  
when recorded mail to:

Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
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 and State Credits

This Regulatory Agreement (this "Agreement") is made between the California Tax Credit Allocation Committee ("TCAC"), established under Section 50199.8 of the Health and Safety Code of the State of California, and (the "Owner") and is dated as of (the "Effective Date"). The Owner has requested and TCAC has authorized an allocation relating to the low-income housing tax credit (the "State Tax Credit") under the provisions of Sections 12206, 17058 and 23610.5 of the Revenue and Taxation Code of the State of California (the "Revenue and Taxation Code") and 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 TCAC by TCAC# CA-19- and IRS Building Identification Number CA-19- , and located on the real property described in Exhibit A of this Agreement, attached hereto and incorporated herein (the "Project"). 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 TCAC and the requirements of the Internal Revenue Code and the Revenue and Taxation Code, the Owner and TCAC 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 TCAC 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 18 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 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.

"Franchise Tax Board" means the Franchise Tax Board of the State of California and any successor thereto.

"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.

"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 4b 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 4c hereof.

"Owner" means \_\_\_\_\_ or successors.

"Project" means the residential rental housing project known as \_\_\_\_\_, TCAC # CA-19-\_\_\_\_\_, 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.

"Revenue and Taxation Code" means the Revenue and Taxation Code of the State of California, as amended or any corresponding provision or provisions of succeeding law as it or they may be amended from time to time.

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

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

"State Tax Credit" means the low-income housing tax credit under the provisions of Sections 12206, 17058 and 23610.5 of the Revenue and Taxation Code.

"Tax Credit" means the low-income housing tax credit under the provisions of either or both Sections 12206 17058 and 23610.5 of the Revenue and Taxation Code and under Section 42 of the Code.

"TCAC" means the Tax Credit Allocation Committee and its successor.

"TCAC Compliance Monitoring Procedures" means those procedures and requirements adopted or imposed by TCAC 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., 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 unless the Secretary determines that such acquisition is part of an arrangement a purpose of which is to terminate such period; 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. This Agreement, and all amendments hereto, shall be recorded as a restrictive covenant in the official records of the County of \_\_\_\_\_ in which the Project is located. 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 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 TCAC 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 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 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 TCAC to report such fact to the Service and the Franchise Tax Board, 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 and in the Revenue and Taxation Code.

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 TCAC 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 TCAC, (II) to take all actions required by TCAC pursuant to the TCAC Compliance Monitoring Procedures to assist or cooperate with TCAC in monitoring such compliance and (III) to pay the fee prescribed by TCAC with respect to such monitoring. The TCAC Compliance Monitoring Procedures require, among other things, that the Owner annually certify to TCAC (on such forms as are prescribed by TCAC) 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 and that the limitations on annual cash distributions set forth hereinafter at Section 7 have been complied with; 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 TCAC Compliance Monitoring Procedures without regard to whether particular requirements of those procedures are enumerated in this Agreement. The Owner agrees TCAC

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. Limit on Cash Flow. The Owner shall be entitled to receive a cash distribution from the operation of the Project, after funding required reserves, that, at the election of the taxpayer, is equal to:

a. An amount not to exceed eight (8) percent of the lesser of: (i) the Owner equity, which shall include the amount of the capital contributions actually paid to the housing sponsor and shall not include any amounts until they are paid on an investor note or (ii) twenty (20) percent of the adjusted basis of the building as of the close of the first taxable year of the Credit Period.

b. The amount of cash flow from the Units in the Project that are not Low-Income Units operating costs shall be allocated to the Low-Income Units using the floor space fraction described in Section 42 of the Code).

Any amount allowed to be distributed under a. above that is not available for distribution during any of the first 5 years of the Compliance Period may be accumulated and distributed at any time during the first 15 years of the Compliance Period, but not thereafter. The limitation on return set forth in this Section 7 shall apply in the aggregate to (i) the partners of the Owner, if the Owner is a partnership, or (ii) to the shareholders of the Owner, if the Owner is an S corporation. The Owner shall apply any cash available for distribution in excess of the amounts eligible to be distributed as described above to reduce the rent on the Low-Income Units or to increase the number of Low-Income Units subject to the tests of Section 42(g)(1) of the Code.

Section 8. Notification of Noncompliance. The Owner agrees to notify TCAC 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 TCAC will be made within ten business days of receipt of any such determination.

Section 9. 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:

First, to a current occupant of another Unit having handicaps requiring the accessibility features of the vacant Unit and occupying a Unit not having such features, or if no such occupant exists, then

Second, to an eligible qualified Tenant on the waiting list having a handicap requiring the accessibility features of the vacant Unit.

When offering an accessible Unit to a prospective Tenant not having handicaps 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. Owners and managers shall adopt suitable means to assure that information regarding

the availability of accessible units reaches eligible individuals with handicaps, 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 10. Reserve accounts. All unexpended funds in project reserve accounts shall remain with the Project to be used for the benefit of the property and/or its residents. The minimum replacement reserve deposit for projects shall be \$ \_\_\_\_\_ per unit per year. The ongoing 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 11. Security for Performance. The Owner hereby assigns its interest in the rents from the Project to TCAC 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 12. 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 TCAC, 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 12, 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 12;

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 TCAC, 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 TCAC determines appropriate; and

h. such other relief as may be appropriate.

Section 13. Transfer Event. The Owner shall obtain written approval of the TCAC Executive Director for any Transfer Event, as defined in the TCAC regulations.

Section 14. Enforceability. This Agreement may be enforced by TCAC or its designee, including any agency of State or local government identified at Appendix A hereto or otherwise in a written notice provided by TCAC 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. TCAC, 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 15. 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 TCAC, 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 16. Successors Bound. This Agreement and the covenants and conditions contained herein shall run with the 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 TCAC 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 17. 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 TCAC, the Owner agrees that it will take all actions necessary to effect any amendment of this Agreement which may be necessary in TCAC'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 18. 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 TCAC 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 TCAC, the Owner's obligations hereunder and under Section 42 of the Code and applicable regulations, which Assumption Agreement shall be delivered to TCAC 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 18 shall be voidable at the discretion of TCAC. 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 19. 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 TCAC:

California Tax Credit Allocation Committee  
915 Capitol Mall, Room 485  
P.O. Box 942809  
Sacramento, CA 94209-0001

To the Owner:

TCAC 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 20. Indemnification. The Owner agrees to indemnify and hold harmless the Chairperson, TCAC committee members, TCAC officers, directors and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by TCAC 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 TCAC which arise out of any of the matters relating to this Agreement, the Owner will cooperate fully with TCAC in the defense or other disposition thereof.

Section 21. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 22. 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 23. 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 24. Interpretation. TCAC'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.

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 \_\_\_\_\_

Nancee Robles  
Executive Director

By \_\_\_\_\_

Owner

\_\_\_\_\_  
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

CA-19-  
Location:

Legal Description:

Project Size Description:

\_\_\_\_\_ Buildings  
\_\_\_\_\_ Low-Income Units; \_\_\_\_\_ Manager's Unit  
\_\_\_\_\_ Studio, \_\_\_\_\_ 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.

**Income Target**

Throughout the Compliance Period, unless otherwise permitted by TCAC, 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      shall be One-Bedroom Units
- At least      shall be Two-Bedroom Units
- At least      shall be Three-Bedroom Units
- At least      shall be Four-Bedroom Units

- 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

**[NOTE: WAIVER LANGUAGE BELOW WILL BE PROJECT-SPECIFIC; ANY HOUSING TYPE WAIVER GRANTED WILL BE STATED IN THE APPLICABLE SECTION. IF NO WAIVER IS APPLICABLE THE WAIVER LANGUAGE WILL BE REMOVED.]**

### 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;
- 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;
- 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, in her/his sole discretion may waive this requirement upon demonstration of nearby, readily accessible, recreational facilities;
- 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;

- Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 10 units. If no centralized laundry facilities are provided, washers and dryers shall be provided in each unit;
- Dishwashers shall be provided in all units unless a waiver is granted by the Executive Director;
- 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 residents who are 62 years of age or older under applicable provisions of California Civil Code Section 51.3 and the federal Fair Housing Act (except for projects utilizing a federal funding source specifically for senior housing and the program definition of senior prohibits a restriction of 62 years of age or older), 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. 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;
- Projects 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;
- 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;
- 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;

- Adequate laundry facilities shall be available on the project premises, with no fewer than one washer/dryer per 15 Units. If no centralized laundry facilities are provided, washers and dryers shall be provided in each Unit;
- 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**

**[NOTE: NON-SPECIAL NEEDS UNIT MIX LANGUAGE WILL BE PROJECTSPECIFIC UNDER BULLET #3.]**

- 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. 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;

- Average 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 no fewer than one washer/dryer per 15 Units;
- 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 TCAC 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 TCAC, 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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**Sustainable Building Management Practices**

The project shall implement sustainable building management practices:

- Maintain a copy of the energy management and maintenance manual; and
- Maintain certification of onsite staff in green building operations and maintenance through the Building Performance Institute Multifamily Energy Efficient Building Operator or equivalent training.

**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:

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