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**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

By and Among

CHULA VISTA HOUSING AUTHORITY,

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

And

**KIKU GARDENS HOUSING PARTNERS, LP,
a California limited partnership**

Dated as of June 1, 2014

Relating to

**\$ _____
CHULA VISTA HOUSING AUTHORITY
MULTIFAMILY HOUSING REVENUE BONDS
(GARDEN VILLAS)
SERIES 2014A**

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the “Regulatory Agreement”), dated as of June 1, 2014, by and among the Chula Vista Housing Authority, a public body corporate and politic duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the “Issuer”), Kiku Gardens Housing Partners, LP, a California limited partnership (the “Borrower”) and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, duly authorized to accept and execute trusts of the type contemplated by the Indenture (as hereinafter defined), with a corporate trust office in Los Angeles, California, as Trustee (the “Trustee”).

WITNESSETH

WHEREAS, the Legislature of the State of California enacted Chapter 1 of Part 2 of Division 24 of the Health and Safety Code (the “Act”) to authorize housing authorities to issue bonds to finance the acquisition, rehabilitation, equipping and development of multifamily rental housing for families and individuals of lower income; and

WHEREAS, the Issuer is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”)); and

WHEREAS, on _____, 2014, the governing board of the Issuer adopted a resolution (the “Resolution”) authorizing the issuance of revenue bonds in connection with financing the acquisition, rehabilitation and equipping of a 99-unit multifamily plus one manager’s unit rental housing development, known generally as “Garden Villas” located at 1260 3rd Avenue in the City of Chula Vista, County of San Diego, California (the “Project”); and

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Issuer’s plan of financing residential rental housing, the Issuer has issued \$ _____ aggregate principal amount of its “\$ _____ Chula Vista Housing Authority Multifamily Housing Revenue Bonds (Garden Villas) Series 2014A” (the “Bonds”), the proceeds of which will be loaned to the Borrower to finance the acquisition, rehabilitation and equipping of the Project for the public purpose of providing decent, safe and sanitary housing for families and individuals of low and very low income; and

WHEREAS, the Issuer and the Borrower have entered into a loan agreement dated as of the date hereof (the “Loan Agreement”), providing the terms and conditions under which the Issuer, will make the Loan to the Borrower to finance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, all things necessary to make the Bonds, when issued as provided in the Trust Indenture between the Issuer and the Trustee, dated as of June 1, 2014 (the “Indenture”), the valid, binding, and limited obligations of the Issuer according to the import thereof, and to constitute the

Indenture a valid assignment of the amounts pledged to the payment of the principal of, and premium, if any, and interest on the Bonds have been done and performed, and the creation, execution, and delivery of the Indenture and the execution and issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

WHEREAS, the Issuer has obtained an allocation for the Project of a portion of the State of California's private activity bond volume cap, within the meaning of Section 146 of the Code, in accordance with the procedures established by the California Debt Limit Allocation Committee; and

WHEREAS, the Code and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be owned and operated in accordance with the Code and the Act, the Issuer, the Trustee and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, rehabilitation, equipping and operation of the Project;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Issuer, the Trustee and the Borrower hereby acknowledge that the above recitals are true and correct and agree as follows:

Section 1. Definitions and Interpretation. The following terms shall have the respective meanings assigned to them in this Section 1 or, if not defined herein, in the Indenture, unless the context in which they are used clearly requires otherwise:

“Adjusted Income” – The adjusted income of a person who intends to reside in a residential unit (together with the adjusted income of all persons the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed in Regulation Section 1.103-8.

“Affiliated Party” – (1) a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (2) a Person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (3) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or (4) an S Corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Area” – The San Diego County, California, Primary Statistical Area.

“Bonds” – The \$_____ Chula Vista Housing Authority Multifamily Housing Revenue Bonds (Garden Villas) Series 2014A.

“Borrower's Tax Certificate” – The certificate of the Borrower, dated as of the Closing Date, with respect to certain Project Costs delivered to the Issuer by the Borrower.

“CDLAC” – The California Debt Limit Allocation Committee.

“CDLAC Resolution” – Resolution No. _____ adopted by CDLAC on _____, 2014, as amended.

“Certificate of Continuing Program Compliance” – The certificate with respect to the Project to be filed by the Borrower with the Issuer, which shall be substantially in the form attached hereto as Exhibit B.

“Closing Date” – June __, 2014.

“Costs of Issuance” – All costs incurred in connection with the issuance of the Bonds, generally those treated as Costs of Issuance under present Treasury Department regulations and rulings, and including all costs incurred in connection with the authorization, sale and issuance of the Bonds and the transactions contemplated herein, including, but not limited to (1) counsel fees (including bond counsel, purchaser’s counsel, Issuer’s counsel, Trustee’s counsel, Borrower’s counsel, as well as any other specialized counsel fees and expenses incurred in connection with the borrowing); (2) financial advisor fees and expenses incurred in connection with the borrowing; (3) rating agency fees, if any; (4) initial and prepaid Trustee’s fees incurred in connection with the borrowing; (5) paying agent and certifying and authenticating agent fees related to issuance of the Bonds; (6) accountant fees related to issuance of the Bonds; (7) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum); (8) costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to such studies related to acquisition or rehabilitation of the Project, but not to the borrowing); and (9) the Issuer fees.

“Income Certification” – The Income Computation and Certification Form in substantially the form attached hereto as Exhibit C.

“Indenture” – The Trust Indenture between the Issuer and the Trustee, dated as of June 1, 2014, as it may be amended from time to time.

“Issuer Fee” – The administrative fee of the Issuer payable on the Closing Date in the amount of one-eighth of one percent (1/8%) of the aggregate original principal amount of the Bonds and (i) the ongoing administrative fee payable in advance every six (6) months commencing on the Closing Date in the amount of one-half (1/2) of one-eighth of one percent (1/8%) of the aggregate original principal amount of the Bonds.

“Loan” – The Loan made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of providing funds to the Borrower to finance the acquisition, rehabilitation and equipping of the Project.

“Low Income Tenants” – Individuals or families with Adjusted Income which does not exceed 60 percent of the Median Income for the Area as adjusted in a manner consistent with the determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Low Income Tenants if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 151(c)(4) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and

curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

<i>Household Size</i>	<i>Adjustment</i>
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Low Income Units” – The dwelling units in the Project designated for occupancy by Low Income Tenants pursuant to Section 4(a)(ii) of this Regulatory Agreement.

“Median Income for the Area” – The median gross income for the Area as most recently determined by the Secretary of Treasury pursuant to Section 142(d)(2)(B) of the Code.

“Project” – The Project Facilities and the Project Site.

“Project Costs” – To the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation and equipping of the Project, whether paid or incurred prior to or after the sixtieth day preceding December 10, 2013, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the rehabilitation and equipping of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the costs of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel.

“Project Facilities” – The buildings, structures and other improvements to be rehabilitated on the Project Site that are being financed with proceeds of the Bonds, and all fixtures and other property owned by the Borrower and located on, or used in connection with, such buildings, structures and other improvements.

“Project Site” or “Property” – The parcel or parcels of real property described in Exhibit ”A”, which is attached hereto and by this reference incorporated herein, and all rights and appurtenances thereunto appertaining.

“Qualified Project Costs” – The Project Costs (excluding Costs of Issuance) incurred after the sixtieth day preceding December 10, 2013, which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts within the meaning of Regulation Section 1.103-8(a)(1)(i);

provided, however, that only such portion of interest accrued during rehabilitation of the Project shall constitute a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs paid from Bond proceeds and interest earnings thereon; and provided further that interest accruing after the completion date shall not constitute a Qualified Project Cost; and provided still further that if any portion of the Project is being rehabilitated by an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only the actual out-of-pocket costs incurred by such Affiliated Party in rehabilitating the Project (or any portion thereof) within the meaning of Section 147(d)(2) of the Code, as provided in the Tax Certificate.

“Qualified Project Period” – The period beginning on the later of (i) the first day on which at least ten percent (10%) of the dwelling units in the Project are first occupied, and (ii) the Closing Date and ending on the later of (a) the date which is 55 years after the date on which fifty percent (50%) of the dwelling units are occupied, (b) the first day on which no tax exempt bonds with respect to the Project are Outstanding, or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates; provided that the Qualified Project Period may be shortened with the written consent of the Issuer and CDLAC in their sole discretion, and upon receipt by the Issuer of an opinion of Bond Counsel that such action, in and of itself, will not cause interest on the Bonds to be includable in gross income for federal tax purposes.

“Very Low Income Tenants” – Individuals or families with Adjusted Income which does not exceed 50 percent of the Median Income for the Area as adjusted in a manner consistent with determination of lower income families under Section 8 of the United States Housing Act of 1937 and as adjusted for household size as set forth below. In no event, however, will the occupants of a residential unit be considered to be Very Low Income Tenants if all the occupants are students, as defined in Section 151(c)(4) of the Code, as such, may be amended, no one of which is entitled to file a joint federal income tax return. Currently, Section 151(c)(4) defines a student as an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

<i>Household Size</i>	<i>Adjustment</i>
1	70%
2	80%
3	90%
4	100%
5	108%
6	116%
7	124%
8	132%

“Very Low Income Units” – The dwelling units in the Project designated for occupancy by Very Low Income Tenants pursuant to Section 4(a)(i) of this Regulatory Agreement.

Capitalized terms which are not defined herein shall have the meanings assigned to them in the Indenture.

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

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. Acquisition, Rehabilitation, Equipping and Completion of the Project. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Borrower has incurred a substantial binding obligation to acquire, rehabilitate and equip the Project, pursuant to which the Borrower is obligated to expend at least ninety five percent of the net sale proceeds of the Bonds.

(b) The Borrower's reasonable expectations respecting the total cost of the acquisition, rehabilitation and equipping of the Project and the disbursement of Bond proceeds are accurately set forth in the Borrower's Tax Certificate attached to the Tax Certificate which has been delivered to the Issuer.

(c) The Borrower will proceed with due diligence to complete the acquisition, rehabilitation and equipping of the Project and expects to expend the full amount of the proceeds of the Loan for Project Costs prior to three years from the Closing Date.

(d) The statements made in the various certificates delivered by the Borrower to the Issuer or the Trustee are true and correct.

(e) Money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bonds from being "arbitrage bonds" under the Code.

(f) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Loan Agreement or this Regulatory Agreement.

(g) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) until the expiration of the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired, rehabilitated and equipped for the purpose of providing multifamily residential rental property, and the Borrower shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly rehabilitated units, and, to the extent required by the Code and the Regulations, each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink; provided that any tenant may, but shall not be obligated to, provide a refrigerator for the unit to be occupied.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. The Borrower shall not take any steps in connection with a conversion of the Project to a condominium or cooperative ownership except with the prior written approving opinion of Bond Counsel that by reason of any such action the interest on the Bonds will not become includable in gross income for federal income tax purposes.

(e) All of the dwelling units (except for one manager’s unit described in (g) below) will be available for rental on a continuous basis to members of the general public and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required by this Regulatory Agreement or any other restriction to be imposed on the Project to be leased or rented to Low Income Tenants, Very Low Income Tenants and to holders of Section 8 certificates or vouchers or, in the case of any other restrictions imposed on the Project, to tenants meeting the income and affordability restrictions required thereby.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities will comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in any building in the Project shall be occupied by the Borrower unless the building contains five or more dwelling units, in which case two units may be occupied by the Borrower or by persons related to or affiliated with the Borrower such as a resident manager or

maintenance personnel. Subject to the foregoing limitation, one unit in the Project may be occupied by resident managers or maintenance personnel.

(h) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer from enforcing the requirements of the Regulations, or condemnation or similar event, the Borrower covenants that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Loan and thereby cause the Bonds to be redeemed or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(i) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, sexual preference, age, source of income (e.g. AFDC, SSI), mental or physical disability, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(j) Following the expiration or termination of the Qualified Project Period, Low Income Units and Very Low Income Units shall remain available to the Low Income Tenants and Very Low Income Tenants then occupying such units at the date of expiration or termination of the Qualified Project Period at a rent not greater than the rent determined pursuant to Section 4(a)(i) and (ii) below until the earliest of any of the following occurs:

(i) The household’s income exceeds 140 percent of the income at which such household would qualify as a Low Income Tenant or Very Low Income Tenant, applicable.

(ii) The household voluntarily moves or is evicted for “good cause.” For these purposes, “good cause” means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the lease agreement which detrimentally affect the health and safety of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(iii) Sixty (60) years after the commencement of the Qualified Project Period.

(iv) The Borrower pays the relocation assistance and benefits to such Low Income Tenants or Very Low Income Tenants, as applicable, as provided in Section 7264(b) of the Government Code of the State of California.

(k) The Issuer may but shall not be required to monitor the Borrower’s compliance with the provisions of subparagraph (j) above.

Section 4. Low Income and Very Low Income Units. (a) Pursuant to the requirements of Section 142(d) of the Code and applicable provisions of the Act, the Borrower hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(i) During the Qualified Project Period, not less than ten percent (10%) of the units in the Project shall be designated as Very Low Income Units and shall be continuously occupied by or held available for occupancy by Very Low Income Tenants at monthly rents paid by

tenants which do not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Very Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Issuer and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Very Low Income Tenants for purposes of Section 142(d) of the Code), the following unit sizes and household sizes:

<i>Unit Size</i>	<i>Household Size</i>
One Bedroom	Two Persons
Two Bedrooms	Three Persons
Three Bedrooms	Four Persons

Such Very Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Very Low Income Tenant who at the commencement of the occupancy is a Very Low Income Tenant shall be treated as occupied by a Very Low Income Tenant until a recertification of such tenant's income in accordance with Section 4(c)(i) below demonstrates that such tenant no longer qualifies as a Very Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Very Low Income Tenant. Moreover, a unit previously occupied by a Very Low Income Tenant and then vacated shall be considered occupied by a Very Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

(ii) In addition to the Very Low Income Units set aside under paragraph (i) above, during the Qualified Project Period not less than another thirty percent (30%) of the units in the Project shall be designated as Low Income Units and shall be continuously occupied by or held available for occupancy by Low Income Tenants at monthly rents which do not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area, as adjusted for household size utilizing the percentages set forth above under the definition of Low Income Tenant less a reasonable deduction for utilities paid by the tenant as determined by the Issuer and assuming (solely for purposes of the above-described limit on the amount of monthly rent, and not for purposes of determining whether individuals or families are Low Income Tenants for purposes of Section 142(d) of the Code), the following unit sizes and household sizes:

<i>Unit Size</i>	<i>Household Size</i>
One Bedrooms	Two Persons
Two Bedrooms	Three Persons
Three Bedrooms	Four Persons

Such Low Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project.

A unit occupied by a Low Income Tenant who at the commencement of the occupancy is a Low Income Tenant shall be treated as occupied by a Low Income Tenant until a

recertification of such tenant's income in accordance with Section 4(c)(ii) below demonstrates that such tenant no longer qualifies as a Low Income Tenant and thereafter such unit shall be treated as any residential unit of comparable or smaller size in the Project occupied by a new resident other than a Low Income Tenant. Moreover, a unit previously occupied by a Low Income Tenant and then vacated shall be considered occupied by a Low Income Tenant until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

(b) Immediately prior to a Very Low Income Tenant's occupancy of a Very Low Income Unit and a Low Income Tenant's occupancy of a Low Income Unit, the Borrower will obtain and maintain on file an Income Certification from each Very Low Income Tenant occupying a Very Low Income Unit and each Low Income Tenant occupying a Low Income Unit, dated immediately prior to the initial occupancy of such Very Low Income Tenant or Low Income Tenant, as applicable, in the Project. In addition, the Borrower will provide such further information as may be required in the future by the State of California, the Issuer, the Act, Section 142(d) of the Code and the Regulations, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall verify that the income provided by an applicant is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a federal income tax return for the most recent tax year, (2) obtain a written verification of income and employment from the applicant's current employer, (3) if an applicant is unemployed or did not file a tax return for the previous calendar year, obtain other verification of such applicant's income satisfactory to the Issuer or (4) such other information as may be reasonably requested by the Issuer.

Copies of the most recent Income Certifications for Low Income Tenants and Very Low Income Tenants shall be attached to the quarterly report to be filed with the Issuer as required in (d) below.

(c) (i) Immediately prior to the first anniversary date of the occupancy of a Very Low Income Unit by one or more Very Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Very Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Very Low Income Tenants, such household will no longer qualify as Very Low Income Tenants, and to the extent necessary to comply with the requirements of Section 4(a)(i) above, the Borrower will rent the next available unit of comparable or smaller size to one or more Very Low Income Tenants. No tenants shall be denied continued occupancy in the Project because, after occupancy, their income increases to make them no longer qualify as Very Low Income Tenants.

(ii) Immediately prior to the first anniversary date of the occupancy of a Low Income Unit by one or more Low Income Tenants, and on each anniversary date thereafter, the Borrower shall recertify the income of the occupants of each Low Income Unit by obtaining a completed Income Certification based upon the current income of each occupant of the unit. In the event the recertification demonstrates that such household's income exceeds 140% of the income at which such household would qualify as Low Income Tenants, such household will no longer qualify as Low Income Tenants and to the extent necessary to comply with the requirements of

Section 4(a)(ii) above, the Borrower will rent the next available unit of comparable size to one or more Low Income Tenants.

(d) Upon commencement of the Qualified Project Period, and within ten days of the last day of each quarter thereafter during the term of this Regulatory Agreement, the Borrower shall advise the Issuer of the status of the occupancy of the Project by delivering to the Issuer a Certificate of Continuing Program Compliance.

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

(f) The Borrower shall submit to the Secretary of the Treasury annually on the anniversary date of the start of the Qualified Project Period, or such other date as is required by the Secretary, a certification that the Project continues to meet the requirements of Section 142(d) of the Code, and shall provide a copy of such certification to the Issuer.

(g) The Borrower shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants. The Borrower shall not collect any additional fees or payments from a Low Income Tenant or a Very Low Income Tenant except security deposits or other deposits required of all tenants. The Borrower shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of those allowed under the Section 8 Program. The Borrower shall not discriminate against applicants for Low Income Units or Very Low Income Units on the basis of source of income (i.e., AFDC or SSI), and the Borrower shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (ability to pay shall be demonstrated if an applicant can show that the same percentage or more of the applicant's income has been paid for rent in the past as will be required to be paid to rent the Very Low Income Unit to be occupied).

(h) Each lease pertaining to a Low Income Unit or Very Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the applicant in determining qualification for occupancy of the Low Income Unit or Very Low Income Unit, as applicable, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease. Each lease will also contain a provision that failure to cooperate with the annual recertification process reasonably instituted by the Borrower pursuant to Section 4(c) above may, at the option of the Borrower, disqualify the unit as a Low Income Unit or Very Low Income Unit, as applicable, or provide grounds for termination of the lease.

(i) Prior to the Closing Date, the Borrower agrees to provide to the Issuer a copy of the form of application and lease to be provided to prospective Low Income Tenants and Very Low Income Tenants. The term of the lease shall be not less than thirty (30) days.

(j) To the extent required by law, notwithstanding the termination of the Qualified Project Period, the rent of “in-place” Low Income Tenants and Very Low Income Tenants at the conclusion of the Qualified Project Period will continue to be governed by the applicable affordability restrictions in this Section 4, so long as those tenants continue to live in the Project. The foregoing shall not prevent the Borrower from terminating a tenant’s occupancy in accordance with the terms of such tenant’s lease or from declining to extend such tenant’s lease.

Section 5. Tax Status of the Bonds. The Borrower and the Issuer each hereby represents, as of the date hereof, and warrants, covenants and agrees that:

(a) It will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof;

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, to comply fully with the Act and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds; and

(c) The Borrower, at the Borrower’s expense, will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Diego.

The Borrower hereby covenants to notify any subsequent owner of the Project of the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement; provided that the covenants contained in this paragraph shall not apply to any transfer of the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of the Freddie Mac Mortgage.

Section 6. Modification of Special Tax Covenants. The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement which must be complied with in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements following delivery of written notice thereof to Borrower.

(b) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended to conform in whole or in part to such changed requirements should the Issuer, in its sole discretion, determine that such requirements should be made applicable to the Project.

(c) The Borrower, the Issuer and, if applicable, the Trustee shall execute, deliver and, if applicable, file of record any and all documents and instruments, necessary to effectuate the intent of this Section 6, and each of the Borrower and the Issuer hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if either the Borrower or the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that the Trustee shall take no action under this subsection (c) without first notifying the Borrower or the Issuer, or both of them, as is applicable, unless directed in writing by the Issuer or the Borrower and without first providing the Borrower or the Issuer, or both, as is applicable, an opportunity to comply with the requirements of this Section 6.

Section 7. Indemnification. The Borrower hereby releases the Issuer, the Trustee, their officers and employees from, and covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee, their officers, members, directors, officials, agents and employees and each of them (collectively the “Indemnified Parties,” and, individually an “Indemnified Party”) from and against, any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint or several (including, without limitation, costs of investigation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), made directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Bonds, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project, the making of the Loan or otherwise; (c) arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any Bonds or any certifications or representations made by any person (other than the Issuer or the party seeking indemnification in connection therewith) or the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture, the Loan Agreement or this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or rehabilitation of, the Project or any part thereof; and (f) arising out of or in connection with the Trustee’s acceptance and administration of the trusts created by the Indenture and the exercise of its powers or duties thereunder or under the Loan Agreement, this Regulatory Agreement or any other agreements in connection therewith to which it is a party.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses and liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except (i) in the case of the foregoing indemnification of the Trustee or any of its Indemnified Parties, to the extent such damages are caused by the gross negligence or willful misconduct of such Person and (ii) in the case of the foregoing indemnification

of the Issuer or any of its Indemnified Parties to the extent such damages are caused by the gross negligence or willful misconduct of such Person.

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party and approved by the Borrower (which approval shall not be unreasonably withheld); and the Borrower shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Issuer shall have the right to review and approve or disapprove any such compromise or settlement. The Borrower specifically acknowledges and agrees that it has an immediate and independent obligation to defend each Indemnified Party from any claim which actually or potentially falls within this Section 7 even if such claim is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the Borrower by any Indemnified Party and continues at all times thereafter. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel unless the Indemnified Party reasonably determines that a conflict exists between the interests of the Borrower and such Indemnified Party, in which case the Borrower shall pay the reasonable fees and expenses of such separate counsel.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Trustee from (i) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder arising out of Borrower's actions or inactions and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Trustee shall give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall remain obligated to indemnify the Indemnified Parties pursuant to this Section 7, unless at the time of transfer the Issuer has consented to indemnification under this Section 7 from such subsequent owner. If the Issuer has consented to any transfer of the Project in accordance with the provisions of Section 10 of this Regulatory Agreement, the Borrower shall not be obligated to indemnify the Indemnified Parties pursuant to this Section 7 for actions or inactions of the transferee arising after such transfer, but shall remain obligated to provide indemnity for claims related to actions or inactions occurring prior to such transfer. In addition to the foregoing, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Trustee or the Issuer in enforcing the provisions hereof, unless such enforcement is related to an event occurring after a transfer that the Issuer has consented to in accordance with the provisions of Section 10 of this Regulatory Agreement.

The provisions of this Section 7 shall survive the term of the Bonds and this Regulatory Agreement.

The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Indemnified Parties, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnity.

Section 8. Consideration. The Issuer has issued the Bonds to make the Loan to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, rehabilitate, equip and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 9. Reliance. The Issuer and the Borrower hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exclusion from gross income for federal income tax purposes of interest on the Bonds and the exemption from California personal income taxes of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Borrower, the Low Income Tenants, the Very Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Trustee under this Regulatory Agreement in good faith and in conformity with such opinion, but only to the extent Issuer first obtains a letter from such counsel allowing Borrower to rely on such opinion (it further being understood that the Borrower shall bear all costs related to such opinion and letter); provided, however, if there are conflicting opinions among the counsel selected by such parties, the opinion of Bond Counsel shall govern the interpretation and enforcement of this Regulatory Agreement. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Trustee shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any notice or certificate delivered to the Trustee by the Borrower or the Issuer with respect to the occurrence or absence of a default.

Section 10. Sale or Transfer of the Project. The Borrower intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Issuer (except as provided in the second to last paragraph of this Section 10), which consent shall not be unreasonably withheld, delayed or conditioned, and upon receipt by the Issuer (except as provided in the second to last paragraph of this Section 10) of (i) such certifications as deemed necessary by the Issuer to establish that the Borrower shall not be in default under this Regulatory Agreement or under the Loan Agreement or, if any such defaults exist, the purchaser or assignee undertakes to cure such defaults to the satisfaction of the Issuer; (ii) a written instrument by which the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement, (iii) an opinion of counsel for the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iv) documentation from the transferee reflecting the transferee's experience or, should the transferee choose to have a property manager run the Project, a property manager's experience with owning

and/or operating multifamily housing projects such as the Project and with use and occupancy restrictions similar to those contained in this Regulatory Agreement, and (v) an opinion of Bond Counsel addressed to the Issuer to the effect that such transfer will not cause interest on the Bonds, to become includable in the gross income of the recipients thereof for federal income tax purposes. The Borrower shall not allow any non-profit entity, which is not as of the date hereof a general partner of the Borrower, to become a general partner of the Borrower nor release any non-profit entity which is a general partner of the Borrower as of the date hereof from the limited partnership without the prior written consent of an Authorized Officer of the Issuer (which consent shall not be unreasonably withheld, delayed or conditioned).

No transfer of the Project shall operate to release the Borrower from its obligations under this Regulatory Agreement with respect to any action or inaction taken prior to such transfer.

It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Not less than 30 days prior to consummating any sale, transfer or disposition of any interest in the Project, the Borrower shall deliver to the Issuer and the Trustee a notice in writing explaining the nature of the proposed transfer.

Notwithstanding the above, the following transfers will be permitted without consent of the Issuer: (a) a transfer of partnership interests in Borrower to or by the tax credit investor (the "Tax Credit Investor") under the limited partnership agreement of the Borrower (the "Partnership Agreement"), or its designee pursuant to the partnership agreement of the Borrower; (b) a transfer of the limited partner interests in the Borrower of the Tax Credit Investor to an affiliate of the Tax Credit Investor; (c) a transfer of the limited partner interests in the Borrower of the Tax Credit Investor to nonaffiliates of the Tax Credit Investor; (d) the removal and replacement of any general partner of the Borrower under the Partnership Agreement (the "General Partner") pursuant to the Partnership Agreement or pursuant to the assignment of general partnership interests of the Borrower to the Freddie Mac Lender, or the removal of the Special Limited Partner pursuant to the Partnership Agreement; (e) the transfer of ownership interests in the Investor Limited partner or the Special Limited Partner, (f) the transfer of the interests of the Investor Limited Partner in Borrower to Borrower's Special Limited partner or any of its affiliates, and (g) any amendment to the Partnership Agreement to memorialize the transfers or removal described above. Prior to removal of the General Partner permitted in (d) above, the Issuer shall receive an opinion of counsel acceptable to the Issuer to the effect that such transfer will not cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes.

Section 11. Foreclosure. Notwithstanding anything contained in Section 10 hereof to the contrary, neither the consent of the Issuer nor the delivery of items (i) through (v) of the first paragraph of Section 10 hereof (the "Transfer Conditions") shall be required in the case of a transfer by foreclosure or deed in lieu of foreclosure, whereby the Freddie Mac Lender becomes the owner of the Project, and nothing contained in this Section 11 shall otherwise affect the right of the Trustee to foreclose on the Project or accept a deed in lieu of foreclosure. The Transfer Conditions shall be applicable to any subsequent transfer by the Trustee.

Section 12. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period, or for such longer period as is provided in Sections 3(j) and 7

above, and in the CDLAC Resolution referred to in Section 26 below, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and expiration of the Indenture, the Loan Agreement and the Loan. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated prior to the expiration of the Qualified Project Period upon agreement by the Issuer, the Trustee (if Bonds are still outstanding) and the Borrower only if there shall have been received by the Issuer an opinion of Bond Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the exemption from State personal income taxes of the interest on the Bonds.

The terms of this Regulatory Agreement to the contrary notwithstanding (except as to the provisions of Section 7 hereof), this Regulatory Agreement, and each and all of the terms hereof, shall terminate and be of no further force or effect in the event of an involuntary noncompliance by the Borrower with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer and the Trustee from enforcing the provisions of this Regulatory Agreement, foreclosure on the Project or delivery of a deed in lieu of foreclosure or condemnation or a similar event, but only if within a reasonable period thereafter the Bonds are (or have been) redeemed or retired or amounts received as a consequence of such event are used to provide a project that meets the requirements of the Code set forth in this Regulatory Agreement; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure on the Project or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any Affiliated Party obtains an ownership interest in the Project for federal income tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 13. Covenants to Run With the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 14. Burden and Benefit. The Issuer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. The Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants and by furthering the public purposes for which the Bonds were issued.

Section 15. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 16. Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer or the Trustee to the Borrower and the Investor Limited Partner (or such longer period if the Borrower provides the Issuer (if any Bonds are outstanding) with an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds), then the Issuer may, or upon the direction of the Issuer, the Trustee may, subject to the provisions of Section 9 hereof, and to the extent indemnified pursuant to the provisions of the Indenture, and acting on its own behalf or on behalf of the Issuer, declare an “Event of Default” to have occurred hereunder, and, at its option, may take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

(iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Borrower hereby agrees that specific enforcement of the Borrower’s agreements contained herein is the only means by which the Issuer may fully obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder. Any cure of any Event of Default hereunder made or tendered by the Investor Limited Partner shall be deemed to be cured by the Borrower, and shall be accepted or rejected by the Issuer and the Trustee on the same basis as if made or tendered by the Borrower.

The Trustee shall have the right, in accordance with this Section 16 and the provisions of the Indenture, upon notice to but without the consent or approval of the Issuer, but subject to the Unassigned Issuer’s Rights of the Issuer, to exercise any or all of the rights or remedies of the Issuer hereunder. All fees, costs and expenses of the Trustee (including, without limitation, reasonable attorneys fees) incurred in taking any action pursuant to this Section 16 shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, or if the Trustee fails to act under this Section 16, the Issuer may act on its own behalf to declare an “Event of Default” to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee. After the date on which no Bonds remain outstanding as provided in the Indenture, the Trustee shall no longer have any duties or obligations under this Regulatory Agreement, and all references to the Trustee herein shall be deemed references to the Issuer.

Notwithstanding anything contained in this Regulatory Agreement or the Indenture to the contrary, the occurrence of an Event of Default under this Regulatory Agreement shall not (i) be deemed, under any circumstances whatsoever, to constitute a default under the Indenture, the Loan Agreement, or the Freddie Mac Loan Documents, except as may be otherwise specified in therein or (ii) impair, defeat or render invalid the lien of the Freddie Mac Loan.

Under no circumstances shall the Issuer or the Trustee:

(i) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under, the Freddie Mac Loan; or

(ii) interfere with or attempt to influence the exercise by Freddie Mac Lender of any of its rights with respect to the Freddie Mac Loan, including, without limitation, Freddie Mac Lender's remedial rights under the Freddie Mac Loan Documents upon the occurrence of an event of default by the Borrower under the Freddie Mac Loan Documents.

The rights of the Trustee under this Section are in addition to all rights conferred upon the Trustee under the Indenture and in no way limit those rights.

Section 17. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of San Diego and in such other places as the Issuer or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 18. Payment of Fees. The Borrower hereby agrees to pay all reasonable costs and expenses of the Trustee and the Issuer in connection with the Bonds and the financing of the Project as such costs and expenses become due and payable upon the receipt of written invoices verifying such costs and expenses.

On the Closing Date, the Issuer shall be paid an administrative fee by the Borrower in the amount of one-eighth of one percent (1/8%) of the aggregate original principal amount of the Bonds. Thereafter, the Issuer shall be paid an ongoing administrative fee payable in advance every six (6) months commencing on the Closing Date in the amount of one-half (1/2) of one-eighth of one percent (1/8%) of the aggregate original principal amount of the Bonds until the end of the Qualified Project Period.

Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Issuer the Issuer Fee, and, in the event of default, shall also pay to the Issuer and to the Trustee reasonable compensation for any services rendered by either of them hereunder and reimbursement for all expenses reasonably incurred by either of them in connection therewith. The fee payable to the Issuer referenced in this section shall in no way limit amounts payable by the Borrower under Section 7 hereof, or arising after an Event of Default in connection with the Issuer's or the Trustee's enforcement of the provisions of this Regulatory Agreement. The fee payable to the Issuer referenced in this section includes any fee to be paid by the Issuer to any entity which administers the Project.

Section 19. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

Section 20. Amendments. Except as provided in Section 6(a) hereof, this Regulatory Agreement shall be amended by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Diego. Any amendment to this Regulatory Agreement shall be accompanied by an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 21. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the second day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

Issuer:	Chula Vista Housing Authority 276 Fourth Avenue Chula Vista, California 91910 Attention: Executive Director Telephone: (619) 409-5948
Trustee:	U.S. Bank National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attention: Global Corporate Trust Services Telephone: (213) 615-6063
Borrower:	Kiku Gardens Housing Partners, LP 5031 Birch Street, Suite F Newport Beach, CA 92660 Attention: Socorro Vasquez
With a copy to:	Kiku Gardens Development, LLC P.O. Box 33882 San Diego, CA 92163
And to:	Katten Muchin Rosemann LLP 2029 Century Park East, Suite 2600 Los Angeles, CA 90067-3012 Attention: David Cohen

Investor Limited
Partner: c/o City Real Estate Advisors, Inc.
30 S. Meridian Street
Suite 400
Indianapolis, IN 46204
Attention: Brian K. McDonnell
Telephone: (317) 808-7251

With a copy to: Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116
Attention: James E. McDermott
Telephone: (617) 573-5848

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to each of the parties listed above.

Section 22. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 23. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 24. Compliance by Borrower. The Trustee shall not be responsible for monitoring or verifying compliance by the Borrower with its obligations under this Regulatory Agreement.

Section 25. Obligation of Borrower; Limitations on Recourse to Borrower. Notwithstanding any provisions of this Regulatory Agreement to the contrary, all obligations of the Borrower under this Regulatory Agreement for the payment of money (including payment of the Issuer Fee and any other fees, costs and expenses of the Issuer) and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under this Regulatory Agreement, including indemnification obligations, shall not be secured by or in any manner constitute a lien on the Project and no person shall have the right to enforce such obligations other than directly against the Borrower without recourse to the Project, and all such obligations shall be subordinate in priority, in right to payment and in all other respects to the obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Loan Documents. Except as otherwise provided in Section 7 of this Regulatory Agreement, no subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of any prior owner of the Project (including the Borrower) under this Regulatory Agreement. Such obligations shall be the Obligations of the Person who was the owner of the Project at the time the default or breach was alleged to have occurred, and such Person shall remain liable for any and all damages occasioned by the default or breach even after such Person ceases to be the owner of the Project.

The following obligations of the Borrower shall, subject to the limitations set forth in the preceding paragraph, and Section 16 of this Regulatory Agreement, be and remain the joint and several full recourse obligations of the Borrower and each general partner of the Borrower (other than any nonprofit general partner):

- (i) the Borrower's obligations to the Issuer and the Trustee and the Borrower's obligation to pay any and all rebate amounts that may be owed with respect to the Bonds as provided in Section 3.9 of the Loan Agreement; and
- (ii) the Borrower's obligations under Section 7 of this Regulatory Agreement.

Section 26. CDLAC Requirements. The acquisition, rehabilitation, equipping and operation of the Project and the financing thereof are and shall be in compliance with the conditions set forth in Exhibit A to the CDLAC Resolution, a copy of which is attached hereto as Exhibit D, which conditions are incorporated herein by reference and are made a part hereof. The Issuer shall monitor and enforce the Borrower's compliance with the provisions of this Section 26. The Borrower shall prepare and submit to CDLAC on each anniversary of the Closing Date, and on such other date as is reasonably requested by CDLAC, a Certificate of Compliance in substantially the form attached hereto as Exhibit E, executed by an authorized representative of the Borrower. CDLAC shall be a third-party beneficiary of this Regulatory Agreement solely for purposes of enforcing the terms of the CDLAC Resolution. CDLAC shall have the right to enforce the terms of the CDLAC Resolution through an action for specific performance or any other available remedy; provided, however, that CDLAC shall not take any action or enforce any remedy that would be materially adverse to the interests of the Bondholders and any such action or enforcement shall otherwise be subject to the terms, conditions and limitations applicable to the enforcement of remedies under this Regulatory Agreement.

Section 27. Damage, Destruction or Condemnation of the Property. In the event that the Property is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the Freddie Mac Mortgage and the other Freddie Mac Loan Documents.

[The rest of this page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Trustee have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

CHULA VISTA HOUSING AUTHORITY

By: _____
Executive Director

ATTEST:

By: _____
Secretary

“BORROWER”

KIKU GARDENS HOUSING PARTNERS, LP

By: Hearthstone Housing Foundation,
its managing general partner

By: _____
Name: Velma de la Rosa
Title: Authorized Signatory

“TRUSTEE”

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name:

Title:

ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

On _____, _____ before me, _____, Notary

Public, personally appeared _____

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

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

WITNESS my hand and official seal.

Signature _____

(Seal)

ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

On _____, _____ before me, _____, Notary

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)

ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF _____

On _____, _____ before me, _____, Notary
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

LEGAL DESCRIPTION

All that certain real property situated in the County of San Diego, State of California, described as follows:

[TO COME]

EXHIBIT B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, _____, being duly authorized to execute this certificate on behalf of KIKU GARDENS HOUSING PARTNERS, LP, a California limited partnership (the “Borrower”), hereby represents and warrants that:

1. The undersigned has read and is thoroughly familiar with the provisions of the following documents associated with the Borrower’s participation in the Chula Vista Housing Authority’s (the “Issuer”) issuance of the Chula Vista Housing Authority Multifamily Housing Revenue Bonds (Garden Villas) Series 2014A, such documents including:

(a) the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) dated as of June 1, 2014, by and among the Borrower, the Issuer and U.S. Bank National Association;

(b) the Note, dated June __, 2014 from the Borrower to the Issuer representing the Borrower’s obligation to repay the Loan.

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

		Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	Total
Occupied by						
Low Income Tenants:	% Unit Nos.:	_____	_____	_____	_____	_____
Held vacant for occupancy						
continuously since last						
occupied by a Low						
Income Tenant:	% Unit Nos.:	_____	_____	_____	_____	_____
		Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	Total
Occupied by Very	% Unit Nos.:	_____	_____	_____	_____	_____
Low Income Tenants:						
Held vacant for occupancy	% Unit Nos.:	_____	_____	_____	_____	_____
continuously since last						
occupied by a Very Low						
Income Tenant:						

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

KIKU GARDENS HOUSING PARTNERS, LP

By: Hearthstone Housing Foundation,
its managing general partner

By: _____

Name: Velma de la Rosa

Title: Authorized Signatory

EXHIBIT C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development (“HUD”) Regulations (24 CFR 5.609). You should make certain that this form is at all times up to date with the HUD Regulations. All capitalized terms used herein shall have the meaning set forth in the Regulatory Agreement.

Re: Garden Villas, _____, Chula Vista, California

I/We, the undersigned state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

1 Name of Members of the Household	2 Relationship to Head of Household	3 Social Security Number	4 Age	5 Place of Employment
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____

Income Computation

6. The total anticipated income, calculated in accordance with this paragraph 6, of all persons (except children under 18 years) listed above for the 12-month period beginning the earlier of the date that I/we plan to move into a unit or sign a lease for a unit is \$_____.

Included in the total anticipated income listed above are:

- (a) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (b) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (c) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (6)(b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by the Department of Housing and Urban Development;
- (d) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount except deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;
- (e) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay except lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (excluding payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay);
- (f) *Welfare assistance.* If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the

welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

- (1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - (2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;
- (g) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
- (h) All regular pay, special pay and allowances of a member of the Armed Forces except the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Excluded from such anticipated income are:

- (a) Income from employment of children (including foster children) under the age of 18 years;
- (b) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
- (c) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses except payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- (d) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (e) Income of a live-in aide, as defined by 24 CFR §5.403;
- (f) The full amount of student financial assistance paid directly to the student or to the educational institution;
- (g) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (h)
 - (1) Amounts received under training programs funded by the Department of Housing and Urban Development;
 - (2) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and

benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS):

- (3) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
 - (4) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Public Housing Authority or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;
 - (5) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;
- (i) Temporary, nonrecurring or sporadic income (including gifts);
 - (j) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
 - (k) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
 - (l) Adoption assistance payments in excess of \$480 per adopted child;
 - (m) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
 - (n) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
 - (o) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
 - (p) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR §5.609(c) apply.

7. Do the persons whose income or contributions are included in item 6 above
- (a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?
- _____ Yes _____ No; or
- (b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?
- ___ Yes ___ No
- (c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?
- ___ Yes ___ No
- (d) If the answer to (c) above is yes, state:
- (1) the combined total value of all such assets: \$_____;
- (2) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____, and
- (3) the amount of such income, if any, that was included in item 6 above:
- \$_____
8. (a) Are all of the individuals who propose to reside in the unit full-time students*?
- ___ Yes ___ No
- *A full-time student is an individual enrolled as a full-time student during each of 5 calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or is an individual pursuing a full-time course of institutional on farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.
- (b) If the answer to 8(a) is yes, is at least 2 of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?
- ___ Yes ___ No
9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower; or owns directly or indirectly any interest in the

Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit; and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.
11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.
12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ___ day of _____ in the County of San Diego, California.

Applicant

Applicant

[Signature of all persons (except children under the age of 18 years) listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:
- a. Enter amount entered for entire household in 6 above: \$ _____
 - b. (1) If the answer to 7(c) above is yes, enter the total amount entered in 7(d)(2), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$ _____)
 - (2) Multiply the amount entered in 7(d)(1) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(d)(1) would be if invested in passbook savings (\$ _____), subtract from that figure the amount entered in 7(d)(3) and enter the remaining balance (\$ _____);
 - (3) Enter at right the greater of the amount calculated under (1) or (2) above: \$ _____
 - c. TOTAL ELIGIBLE INCOME (Line 1.a plus line 1.b(3)): \$ _____
2. The amount entered in line 1.c:
- _____ Qualifies the applicant(s) as a Low Income Tenant(s)
 - _____ Does not qualify the applicant(s) as a Low Income Tenant(s).
 - _____ Qualifies the applicant(s) as a Very Low Income Tenant(s)
 - _____ Does not qualify the applicant(s) as a Very Low Income Tenant(s).
3. Number of apartment unit assigned: _____ Rent: \$ _____
Bedroom Size _____
4. This apartment unit [was/was not] last occupied for a period of 31 or more consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as [Low Income Tenants/Very Low Income Tenants].
5. Method used to verify applicant(s) income:
- _____ Employer income verification.
 - _____ Copies of tax returns.
 - _____ Other (_____)

Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in a project financed under the Chula Vista Housing Authority Multifamily Housing Revenue Bond Program for persons of lower income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages _____
Overtime _____
Bonuses _____
Commissions _____
Other Income _____
Total current income _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature Date Title

I hereby grant you permission to disclose my income to _____ in order that they may determine my income eligibility for rental of an apartment located in their project which has been financed under the Chula Vista Housing Authority Multifamily Housing Revenue Bond Program.

Signature Date

Please send to:

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

EXHIBIT D

CDLAC RESOLUTION

RESOLUTION NO. __

EXHIBIT E

CDLAC COMPLIANCE CERTIFICATE

Project Name: Garden Villas
Name of Bond Issuer: Chula Vista Housing Authority
CDLAC Application No.: 14-___

Pursuant to Section 13 of Resolution No. 14-___ (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on _____, 2014, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by the attached applicable third party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer