

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:
Jones Hall, A Professional Law Corporation
475 Sansome Street, Suite 1700
San Francisco, California 94111
Attention: Josh D. Anzel, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

By and Between

CMFA SPECIAL FINANCE AGENCY VII

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee**

Dated as of _____ 1, 2021

Relating to

**CMFA Special Finance Agency VII
Essential Housing Revenue Bonds, Series 2021A-1
(The Breakwater Apartments)**

**CMFA Special Finance Agency VII
Essential Housing Revenue Bonds, Series 2021A-2
(The Breakwater Apartments)**

and

**CMFA Special Finance Agency VII
Subordinate Essential Housing Revenue Bonds, Series 2021B
(The Breakwater Apartments)**

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this "Regulatory Agreement") is made and entered into as of _____ 1, 2021, by and between the CMFA SPECIAL FINANCE AGENCY VII, a joint exercise of powers authority duly organized and existing under the laws of the State of California, as issuer of the Bonds (as further defined herein) and as owner of the Project identified herein (together with any successor to its rights, duties and obligations hereunder, the "Owner"), and WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association, as trustee (together with its successors in trust and assigns, the "Trustee").

WITNESSETH:

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), the Owner proposes to issue its Essential Housing Revenue Bonds, Series 2021A-1 (The Breakwater Apartments) (the "Series 2021A-1 Bonds"), Essential Housing Revenue Bonds, Series 2021A-2 (The Breakwater Apartments) (together with the Series 2021A-1 Bonds, the "Series A Bonds"), and Subordinate Essential Housing Revenue Bonds, Series 2021B (The Breakwater Apartments) (together with the Series A Bonds, the "Bonds") pursuant to a Trust Indenture, dated as of _____ 1, 2021 (as supplemented and amended from time to time, the "Indenture"), between the Owner and the Trustee;

WHEREAS, a portion of the proceeds of the Bonds will be used to provide, in part, financing for the acquisition of the multifamily rental housing project known as The Breakwater Apartments, located on the real property site described in Exhibit A hereto (as further described herein, the "Project");

WHEREAS, to satisfy the public purposes for which the Bonds are authorized to be issued under the Act, and in furtherance of certain specific public purposes of the Owner, previously approved by the Owner's Resolution No. 21-_____, which include supporting, preserving and providing low income, median income and moderate income multifamily rental housing in areas in which demand for such housing is not currently being adequately met, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met;

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Owner and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owner and the Trustee hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1, or in the Master Glossary of Terms, dated as of _____ 1, 2021.

"Administrator" means any administrator or program monitor appointed by the Owner to administer this Regulatory Agreement, and any successor administrator appointed by the Owner.

"Area" means the Metropolitan Statistical Area or County, as applicable, in which the Project is located, as defined by HUD.

"Bonds" has the meaning given to it in the recitals hereto.

"Certificate of Continuing Program Compliance" means the Certificate to be filed by the Owner with the Administrator, pursuant to Section 4(e) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other comparable form as may be provided by the Owner.

"City" means the City of Huntington Beach, California.

"Closing Date" means _____, 2021, the date the Bonds are issued and delivered to the initial purchaser thereof.

"Compliance Period" means the period beginning on the Closing Date and ending on the first date on which there are no Bonds Outstanding.

"County" means the County of Orange, California.

"Deed of Trust" means the Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing dated as of the Closing Date, by the Owner granting a lien on its fee simple interest in the Property, subject to Permitted Encumbrances, to the Trustee for the benefit of the holders from time to time of the Bonds, as the same may be modified, amended or supplemented from time to time, or any deed of trust (or similar security instrument) containing a power of sale clause reflecting a valid, perfected first priority lien on the fee interest in the Project delivered by the Owner to secure the Owner's obligations to a third-party lender.

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

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

"HUD" means the United States Department of Housing and Urban Development.

"Income Certification" means a Tenant Income Certification and a Tenant Income Certification Questionnaire in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Owner.

"Low Income Tenant" means a tenant occupying a Low Income Unit.

"Low Income Unit" means any available unit if the aggregate Gross Income of all tenants therein does not exceed eighty percent (80%) of median gross income for the Area, with adjustments for family size. The determination of an available unit's status as a Low Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

"Management Agreement" means that certain Property Management Agreement, dated as of the date hereof, by and among the Owner and the Manager.

"Manager" means _____, and any other Person who is an assignee of the initial Management Agreement.

"Median Income Tenant" means a tenant occupying a Median Income Unit.

"Median Income Unit" means any available unit if the aggregate Gross Income of all tenants therein does not exceed one hundred percent (100%) of median gross income for the Area, with adjustments for family size. The determination of an available unit's status as a Median Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

"Moderate Income Tenant" means (i) a tenant occupying a Moderate Income Unit or (ii) an Over Income Tenant if such tenant occupied an available unit on the effective date of this Regulatory Agreement.

"Moderate Income Unit" means any available unit if the aggregate Gross Income of all tenants therein does not exceed one hundred and twenty percent (120%) of median gross income for the Area, with adjustments for family size. The determination of an available unit's status as a Moderate Income Unit shall be made by the Owner upon commencement of each lease term with respect to such unit, and annually thereafter, on the basis of an Income Certification executed by each tenant.

"Over Income Tenant" means a tenant occupying an Over Income Unit.

"Over Income Unit" means any occupied unit in which the aggregate gross income of all tenants therein exceeds one hundred twenty percent (120%) of median gross income for the Area, with adjustments for family size.

"Project" means the 402-unit multifamily rental housing development to be located in the City on the real property site described in Exhibit A hereto, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the acquisition of which facilities is to be financed, in whole or in part, from the proceeds of the sale of the Bonds, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of the facilities described in the Deed of Trust.

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

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

"Rental Payments" means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency.

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

"TCAC" means the California Tax Credit Allocation Committee.

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

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

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

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

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

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

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

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

Section 3. Residential Rental Project. For the term of this Regulatory Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be owned and operated for the purpose of providing multifamily residential rental property. The Owner will own, and cause the Project to be managed and operated, 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, in accordance with such requirements as may be imposed thereby on the Project from time to time. The Owner shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) and shall create and fund a Capital Expense Fund and shall cause Capital Repairs to be made on an annual basis during the Compliance Period. Capital Repairs

shall include, without limitation, the following: carpet and drape replacement; appliance replacement; exterior painting, including exterior trim; hot water heater replacement; plumbing fixtures replacement, including tubs and showers, toilets, lavatories, sinks, faucets; air conditioning and heating replacement; asphalt repair and replacement, and seal coating; roofing repair and replacement; landscape tree replacement; irrigation pipe and controls replacement; sewer line replacement; water line replacement; gas line pipe replacement; lighting fixture replacement; elevator replacement and upgrade work; miscellaneous motors and blowers; common area furniture replacement; and common area and exterior repainting.

(b) Except as otherwise approved by the Owner, all of the dwelling units in the Project (except for the units set aside for resident managers or other administrative uses) will be similarly constructed units, and each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park; provided that the use of certain units for tenant guests on an intermittent basis shall not be considered transient use for purposes of this Regulatory Agreement. Owner shall not rent dwelling units for a term of 30 days or less, and shall use commercially reasonable efforts to inform residents that short-term rentals of 30 days or less are prohibited.

(d) No part of the Project will at any time during the Compliance Period be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or use, and the Owner will not take any steps in connection with a conversion of the Project to condominium ownership during the Compliance Period.

(e) All of the available units in the Project will be available for rental during the period beginning on the date hereof and ending on the termination of the Compliance Period on a continuous basis.

Section 4. Tenants; Income Requirements. The Owner shall comply, or shall cause the Manager to comply, with the following requirements:

(a) During the Compliance Period, except for units occupied by residential managers, for which no income or rent restrictions shall apply, the Owner shall ensure that the following income restrictions are met at all times:

(i) no less than one-third (1/3) of the completed residential units in the Project shall be Low Income Units;

(ii) no less than one-third (1/3) of the completed residential units in the Project shall be Median Income Units; and

(iii) the balance of the completed residential units in the Project shall be Moderate Income Units;

provided, that any unit remaining vacant for at least 30 consecutive days may be offered and leased as a Low Income Unit, Median Income Unit or Moderate Income Unit without regard for the requirements set forth in sub-paragraphs (i), (ii) and (iii) above. For the avoidance of doubt, any

vacant unit shall only be offered as a Low Income Unit, Median Income Unit or Moderate Income Unit.

(b) No tenant shall be denied continued occupancy of a unit in the Project because, after admission, the aggregate Gross Income of all tenants in the unit occupied by such tenant increases to exceed the qualifying limit for the respective Low Income Unit, Median Income Unit or Moderate Income Unit initially occupied by such tenant. However, if after a tenant's initial occupancy of a Low Income Unit, Median Income Unit or Moderate Income Unit, as applicable, the aggregate Gross Income of tenants in such unit, as of the most recent determination thereof, exceeds that which is defined for such unit occupied by the same number of tenants, the next available unit of comparable or smaller size shall, subject to the discretion of the Owner and Manager as described in the next succeeding paragraph, be rented (or held vacant and available for immediate occupancy by) in a manner that would maintain the unit mix required by Section 4(a) hereof. For the avoidance of doubt, this Section 4(b) shall apply to existing tenants occupying the Project on the Closing Date.

Notwithstanding any provision of this Regulatory Agreement to the contrary, the Owner shall verify, or cause the Manager to verify, all tenant incomes at least annually and shall continually re-balance the mix of household incomes by leasing vacant units to Low Income Tenants, Median Income Tenants or Moderate Income Tenants as needed to meet the income set-aside requirements set forth in this Section 4(a).

(c) For the Compliance Period, the Owner shall cause the Manager to obtain, complete and maintain on file Income Certifications for each tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such tenant in the unit and a second Income Certification dated one year after the tenant's initial move-in date, and (ii) thereafter, an annual verifiable self-certification with respect to each tenant. The Owner shall, or shall cause the Manager to, provide such additional information as may be required in the future by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Trustee, copies of Income Certifications for tenants commencing or continuing occupation of a residential unit shall be submitted to the Administrator or the Trustee, as requested.

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

(e) The Owner shall prepare and submit or cause the Manager to prepare and submit to the Administrator not less than annually, commencing not less than one year after the Closing Date, a Certificate of Continuing Program Compliance executed by the Owner in substantially the form attached hereto as Exhibit C.

(f) For the Compliance Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Deed of Trust. All leases shall contain clauses, among others, wherein each tenant: (i) certifies the accuracy of the statements made by such tenant

in the Income Certification; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Owner or the Administrator on behalf of the Owner, and that the failure to provide accurate information in the Income Certification or self-certification or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Owner has relied on the statements made by such tenant in the Income Certification and supporting information supplied by the tenant in determining qualification for occupancy of a Low Income Unit, Median Income Unit or Moderate 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 or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any such certification the aggregate Gross Income of tenants in such unit exceeds the applicable income limit under Section 4(b), the unit occupied by such tenant may cease to qualify as a Low Income Unit, Median Income Unit or Moderate Income Unit, as applicable, and such unit's rent may be subject to increase.

(g) In reviewing and considering applications from prospective tenants, the Owner shall provide a preference to households which include one or more persons who live, work, or have been hired to work in the City, or are a veteran.

Section 5. Affordable Rental Requirements; Limitations on Rent Increases; Rent Reductions. During the Compliance Period, except for units occupied by residential managers, for which no income or rent restrictions shall apply, in addition to the other requirements set forth herein, the Owner hereby agrees that it shall comply, or cause the Manager to comply, with the following:

(a) The Rental Payments for the Low Income Units paid by the tenants thereof shall not exceed 35% of the Low Income limit for the County, adjusted for household size, as published annually by HUD and utilized by TCAC.

(b) The Rental Payments for the Median Income Units paid by the tenants thereof shall not exceed 35% of the Median Income limit for the County, adjusted for household size, as published annually by HUD and utilized by TCAC.

(c) The Rental Payments for the Moderate Income Units paid by the tenants thereof shall not exceed 35% of the Moderate Income limit for the County, adjusted for household size, as published annually by HUD and utilized by TCAC.

(d) The Owner shall accept as tenants, on the same basis as all other prospective tenants, qualified low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act.

For purposes of this Section 5, base rents shall be adjusted for household size using the following assumptions:

Unit Size	Assumed Occupancy
studio	1
one-bedroom	2
two-bedroom	3
three-bedroom	4
four-bedroom	5

(e) The following limitations shall apply to annual rent increases for households occupying available units in the Project:

(i) For a household qualifying as a Low Income Unit, a Median Income Unit, or a Moderate Income Unit, as applicable, but for which annual rent payable is lower than the applicable limit set forth in paragraph (a), (b) or (c) above, respectively, rent shall not be increased more than 4% annually and then only up to the applicable limit set forth in such paragraphs above.

(ii) For a household qualifying as a Low Income Unit, a Median Income Unit, or a Moderate Income Unit, as applicable, but for which annual rent payable exceeds the applicable limit set forth in paragraph (a), (b) or (c) above, respectively, rent shall be decreased as soon as practicable to the applicable limit set forth in such paragraphs above.

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

Section 6. Tax-Exempt Status of Bonds. The Owner hereby represents, warrants and agrees as follows:

(a) The Owner will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the 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) The Owner will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Owner, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

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

(a) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained in a reasonable condition for proper audit.

(b) The Owner shall appoint the Administrator to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In the event that the Administrator resigns or is terminated, the Owner shall, following consultation with the City, appoint a successor Administrator, experienced and capable, in the judgment of the Owner, of performing the duties under the Project Administration Agreement. The Owner shall comply with any reasonable request made by the Administrator to deliver to any such Administrator any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator. The fees and expenses of the Administrator shall be paid by the Owner.

Section 8. Modification of Covenants. The Owner and the Trustee 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 Trustee and the Owner, retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project and compliance therewith is necessary to maintain the validity of, or the Tax-Exempt status of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) The Owner and 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 8.

Section 9. Indemnification. The Owner and the Trustee will be indemnified as required by and pursuant to the Project Administration Agreement.

Section 10. Consideration. The Owner has agreed to issue the Bonds and to use the proceeds thereof to, among other things, finance the acquisition of the Project. In furtherance of the significant public benefits of the Project, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Owner and the Trustee hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons, including but not limited to the Administrator, interested in the legality and validity of the Bonds, in the exemption from California personal income taxation of interest on the Bonds and in the Tax-Exempt status of the interest on the Bonds. In performing their duties and obligations hereunder, the Owner and the Administrator may rely upon statements and certificates of the tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Owner 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 Owner hereunder in good faith and in conformity with such opinion.

Section 12. Transfer of the Project. For the Compliance Period, except as permitted by the Indenture or the Public Benefit Agreement, the Owner shall not Transfer the Project, in whole or in part, unless the following conditions are satisfied: (A) the receipt by the Owner and the Trustee of evidence acceptable to the Owner and the Trustee that (1) the Owner shall not be in default hereunder, if in effect (which may be evidenced by a Certificate of Continuing Program Compliance), or the transferee reasonably undertakes to cure any defaults of the Owner; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) all rights, responsibilities and duties of the transferor under the Project Administration Agreement shall have been assigned to the transferee, or the transferee shall enter into a new project administration agreement in the form of the current Project Administration Agreement; and (4) the person or entity that is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the transferee of any document reasonably requested by the Owner with respect to the assumption of the Owner's obligations under this Regulatory Agreement, including without limitation an instrument of assumption hereof and thereof, and delivery to the Owner of an opinion of such transferee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such transferee, subject to bankruptcy and other standard limitations affecting creditor's rights; (C) receipt by the Owner of an opinion of Bond Counsel to the effect that any such Transfer will not adversely

affect the Tax-Exempt status of interest on the Bonds; (D) receipt by the Owner of all fees and/or expenses then currently due and payable to the Owner.

It is hereby expressly stipulated and agreed that any Transfer of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to satisfy certain conditions or obtain the prior written consent of such other party in order to Transfer the Project. Upon any Transfer that complies with this Regulatory Agreement, the Owner shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Deed of Trust without the consent of the Owner or compliance with the provisions of this Section 12.

For the Compliance Period, the Owner shall not: (1) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except for (A) encumbrances permitted under the Deed of Trust, or (B) a Transfer in accordance with the terms of this Regulatory Agreement, in each case upon receipt by the Owner of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Bonds (provided that such opinion will not be required with respect to any encumbrance, lease or transfer relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is demolished or removed is replaced with comparable property or such demolition or removal is otherwise permitted by the Deed of Trust; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Compliance Period.

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

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

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

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

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

Section 17. Default; Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Manager, the Controlling Party or the Trustee to the Owner, or for a period of 60 days from the date the Owner should, with reasonable diligence, have discovered such default, then the Trustee shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Bonds.

Following the declaration of an Event of Default hereunder, the Owner shall have the right, in its sole and absolute discretion, to replace the Manager and terminate the Property Management Agreement in accordance with its terms, and the Trustee, subject to the terms of the Indenture, may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Trustee hereunder;

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

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

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

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

Section 18. [Reserved].

Section 19. Recording and Filing. (a) The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County, and in such other places as the Owner may reasonably deem necessary. The Owner shall pay all fees and charges incurred in connection with any such recording.

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

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

Section 20. [Reserved].

Section 21. Governing Law; Venue. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of California. This Regulatory Agreement shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the Owner in writing) be filed and maintained in the Superior Court of California, County of San Diego.

Section 22. Amendments; Waivers. Except as provided in Sections 8(a) hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County, California, and only upon (i) receipt by the Owner of an opinion from Bond Counsel that such amendment will

not adversely affect the Tax-Exempt status of interest on the Bonds and (ii) the written consent of the Controlling Party, who shall receive a copy of any such amendment.

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

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

Section 23. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, overnight delivery, certified or registered mail, postage prepaid, return receipt requested, or by telecopy, in each case at the respective addresses specified in the Indenture, or at such other addresses as may be specified in writing by the parties hereto. Unless otherwise specified by the Administrator, the address of the Administrator is:

To Owner: CMFA Special Finance Agency VII
2111 Palomar Airport Road, Suite 320
Carlsbad, California 92011
Attention: Financial Advisor
Email: jstoecker@cmfa-ca.com

With a copy to: Catalyst Housing Group LLC
21 Ward Street, Suite 2
Larkspur, California 94939
Attention: Jordan Moss

The Administrator and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission; provided that any telecopy or other electronic transmission received by any party after 4:00 p.m., local time of the receiving party, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day.

Section 24. 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 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, the liability of the Owner under

this Regulatory Agreement to any person or entity, including, but not limited to, the Trustee or the Controlling Party and their successors and assigns, is limited to moneys available therefor under and in accordance with the Indenture.

Section 27. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2023), the Owner agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer outstanding or (ii) the proceeds of the Bonds have been fully spent.

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

CMFA SPECIAL FINANCE AGENCY VII

By: _____
Name: Edward J. Becker
Title: Executive Director

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: _____
Name:
Title:

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____, 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 of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____, 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 of Notary Public

EXHIBIT A
DESCRIPTION OF REAL PROPERTY

[TO COME]

EXHIBIT B

FORM OF INCOME CERTIFICATION

Effective Date:

Move-In Date:

Household Size:

Floorplan:

Unit:

HOUSEHOLD COMPOSITION

<i>Household Member</i>	<i>Name</i>	<i>Relationship</i>	<i>Birthdate</i>
1		Head	
2			
3			
4			
5			
6			
7			

INCOME COMPOSITION (ANNUAL)

<i>Household Member</i>	<i>Employment / Wages</i>	<i>Social Security / Pension</i>	<i>Public Assistance</i>	<i>Other Income</i>
1				
2				
3				
4				
5				
6				
7				
TOTALS	\$	\$	\$	\$
			TOTAL INCOME	\$

EXHIBIT C

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this day of _____, 20____, the undersigned, on behalf of the CMFA SPECIAL FINANCE AGENCY VII (the "Owner"), does hereby certify with respect to the multifamily rental housing development (the "Project") that:

1. During the preceding year (i) such Project was substantially and continually in compliance with the Regulatory Agreement and (ii) _____% of the units in the Project were occupied by Low Income Tenants, _____% of the units in the Project were occupied by Median Income Tenants _____% of the units in the Project were occupied by Moderate Income Tenants.

Set forth below are the unit numbers of Low Income Tenants, Median Income Tenants and Moderate Income Tenants who commenced or terminated occupancy during the preceding month.

Commenced Occupancy	Terminated Occupancy
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.
6.	6.
7.	7.
8.	8.
9.	9.
10.	10.
11.	11.
12.	12.
13.	13.
14.	14.
15.	15.
16.	16.
17.	17.
18.	18.
19.	19.
20.	20.

Additional units that have commenced or terminated occupancy may be found in an additional attached sheet

2. The units occupied by Low Income Tenants, Median Income Tenants and Moderate Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Low Income Tenants, Median Income Tenants and Moderate Income Tenants, the size, the number of bedrooms of such units and the number of Low Income Tenants, Median Income Tenants and Moderate Income Tenants who commenced occupancy of units during the preceding month.

The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: _____

Owner: _____