



HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA
COMMISSION AGENDA REPORT

DATE 06-03-20

ITEM VI.1

Date: May 12, 2020
To: Housing Authority Board of Commissioners
Board of Directors of Santa Barbara Affordable Housing Group
From: Rob Fredericks, Executive Director/CEO 
Subject: AMENDMENTS TO PROPERTY MANAGEMENT AGREEMENTS
AT BOTH GARDEN COURT AND THE GARDENS ON HOPE

RECOMMENDATION

That the Commission/Board approve the amendments to the property management agreement for both Garden Court and The Gardens on Hope.

DISCUSSION

Garden Court (1116 De La Vina Street) is a 98-unit apartment complex for seniors owned by the Santa Barbara Affordable Housing Group. The Gardens on Hope (251 South Hope Avenue) is a new 90-unit apartment complex for seniors owned by 251 South Hope Associates, L.P. For both of these properties, the Commission/Board recently approved the assignment and assumption of property management agreement from Parsons Family Management, LLC to Parsons Group, Inc. The Parsons firm has been reviewing its risk management arrangements and, for business operations purposes, has requested some updates to these property management agreements.

Staff have reviewed this situation and consulted with our legal counsel and determined that the changes are acceptable. As such, staff is recommending approval of the two attached property management agreements attached as Exhibit A and B.

Exhibits

- A. Property Management Agreement for Garden Court
- B. Property Management Agreement for The Gardens on Hope

Prepared by: Dale Fathe-Aazam, Director of Property, Development and Administration

Reviewed by: Adm. Attorney Finance Hsg. Mgmt. P&D. Res.Serv.

Board Action:

Vote:

Comments:

AMENDED AND RESTATED PROPERTY MANAGEMENT AGREEMENT

for

Garden Court on De La Vina

by and between

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA

and

THE PARSONS GROUP, INC. FAMILY MANAGEMENT, LLC

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AMENDED AND RESTATED PROPERTY MANAGEMENT AGREEMENT

THIS AMENDED AND RESTATED PROPERTY MANAGEMENT AGREEMENT (the "Agreement") is made and entered into as of this ___ day of June, ~~2020~~18, by and between the Housing Authority of the City of Santa Barbara, a public body, corporate and politic (hereinafter called "HACSB"), and The Parsons Group, Inc., a California corporation~~Family Management, LLC, a California limited liability company~~ (hereinafter called "Parsons").

WITNESSETH

WHEREAS, the Santa Barbara Affordable Housing Group (hereinafter called "Owner") is the owner of a residential care facility for the elderly, having 98 units, located at 1116 De La Vina Street, Santa Barbara, California 93101, together with the equipment, furnishings and other tangible personal property used in connection with it (the "**Facility**"); ~~and-~~

WHEREAS, HACSB is the master property manager of the Facility for the Owner pursuant to that certain Property Management Agreement entered into by and between HACSB and Owner; ~~and~~

WHEREAS, HACSB ~~wishes to~~retain~~ed~~ the services of Parsons Family Management, LLC, a California limited liability company ("LLC")~~Parsons~~ as MANAGER of the Facility in accordance with the terms and conditions of ~~that~~is certain Property Management Agreement dated June 13, 2018 ("Original Agreement"); ~~and-~~

WHEREAS, the Original Agreement was assigned by LLC to Parsons by that certain Assignment and Assumption Agreement and Consent to Assignment dated June 1, 2020; ~~and~~

WHEREAS, Parsons and HACSB desire to amend and fully restate the Original Agreement; ~~and~~

WHEREAS, Parsons is willing to perform services related to the management, operation, maintenance, marketing, and servicing of the Facility (the "**Management Services**"), upon the terms and subject to the conditions contained herein in this Agreement; ~~and~~

WHEREAS, Parsons ~~has reviewed and is familiar with the Facility by virtue of managing the Facility under the Original Agreement, dated January 20, 1999,~~ acknowledges the importance of offering an optional package of quality congregate services at an affordable price for very low-income seniors; ~~and~~

WHEREAS, Parsons acknowledges that the Property is subject to an existing Regulatory Agreement (Federal and State Credits) with the California Tax Credit Allocation Committee ("TCAC Regulatory Agreement"); ~~and~~

WHEREAS, HACSB and Parsons desire to operate the Facility in strict accordance with the TCAC Regulatory Agreement and all other covenants recorded against the Property and all local, state and federal rules and regulations applicable to the Property (collectively "Rules").

NOW, THEREFORE, in consideration of the promises and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HACSB and Parsons agree to amend and restate the Original Agreement in its entirety as follows:

Section 1. Definitions

In addition to the terms otherwise defined in the Agreement, for the purposes of this Agreement, the following terms shall have the following meanings:

a. "Environmental Laws" shall mean any and all present and future federal, state and local laws, ordinances, regulations, policies and any other requirements of each applicable Governmental Authority relating to the health, safety, and the environment or to any Hazardous Substances, and all comparable state and local laws, laws of other jurisdictions or orders and regulations and the rules, regulations and guidance documents promulgated under each of them.

b. "Expenditures" shall mean all current expenditures required to be made by Parsons on a cash basis for any applicable period during the term hereof for the operation of the Facility, or any part thereof, including but not limited to, the Management Fee as provided in Section 10 hereof, payroll and payroll expenses, suppliers, license and permit fees, maintenance and repair expenses, such reserves for replacements and repairs as HACSB shall in its sole discretion determine, utility charges, insurance premiums (including deductible amounts) for the cost of all insurance as set forth on Exhibit A, and extraordinary expenses as approved by HACSB. Expenditures shall not include (i) payments from insurance proceeds for capital improvements unless so directed by HACSB; (ii) any capital improvements, except as directed by HACSB; (iii) depreciation of buildings or improvements or other non-cash items of expense or deduction from income; or (iv) general overhead or administrative expenses of Parsons, which are the sole responsibility of Parsons.

c. "Facility Restrictions" shall mean any guidelines deriving from (i) Governmental Regulations, (ii) the Redevelopment Agency of the City of Santa Barbara (or its successor agency) Loan Agreement ("RDA Loan") for the Facility and any Regulatory Agreement recorded in connection with the RDA Loan, (iii) the recorded California Tax Credit Allocation Committee Extended Use Agreement, (iv) the Covenants, Conditions and Restrictions that are of record and recorded against the real property that the Facility occupies, (v) Rules, (vi) the requirements of Loans, and (vii) the Plan for the applicable calendar year.

d. "Governmental Authority" shall mean each federal, state, or local body or agency which has jurisdiction over the Facility or any portion of it, or which has the power to regulate, govern, approve or control the Facility.

e. "Government Regulations" means Environmental Laws and all present and future statutes, regulations, rules, ordinances, codes, licenses, requirements, resolutions, policy statements, and orders (including without limitation, those relating to land use, subdivision, zoning, environmental, toxic or hazardous waste, occupational health and safety, water, earthquake, hazard reduction and building and fire codes) of any governmental authority having jurisdiction, and all applicable judicial, administrative and regulatory decrees, judgments and orders relating to the ownership, construction, alteration, rehabilitation, maintenance, use, operation, sale or other disposition of the Facility.

f. "Hazardous Substances" shall mean any (i) asbestos in any form; (ii) urea formaldehyde foam insulation; (iii) polychlorinated biphenyls; (iv) petroleum, crude oil or any fraction thereof; (v) flammable, explosive or radioactive substances; (vi) pesticides; (vii) any other poisons; (viii) lead, mercury, and other heavy metals; and (ix) any other chemical, material, substance or other matter of any kind whatsoever which is defined as a hazardous or toxic material or substance, or exposure to which is prohibited, limited or regulated by any Environmental Law.

g. "Income" means gross revenues from all leases and rental agreements of all tenants occupying the Facility or any part thereof, the optional package of congregate services including meals, storage rental, and payments of rentals received from concessionaires, licensees or lessees for the use or occupancy of the Facility or any part thereof, on a cash basis during any pertinent or applicable period. "Income" shall not include insurance or condemnation proceeds or the proceeds from any sale or refinancing of the Facility or any part thereof, provided however that insurance proceeds for a casualty loss, to the extent that said proceeds are for loss of rents, or expended on any item that would qualify as a repair or maintenance item pursuant to the definition of Expenditures, shall be included in Income. "Income" shall not include security deposits from tenants unless and until such deposits have been forfeited by the tenant.

h. "Lender" shall mean the party making a Loan or any successor thereof.

i. "Loan" shall mean any loan secured by the Facility or any part thereof.

j. "Net Operating Income" shall mean Income for any period less Expenditures for said period.

k. "Plan" shall mean the annual Plan provided for in Section 4 of this Agreement.

Section 2. Term of Agreement

a. The term of this Agreement shall commence on the earlier to occur of June 30, 2018 or the date of the close of escrow of the sale of the Facility to Owner from 1116 De La Vina

Associates, L.P. and end on June 30, 2025. The parties agree that this Agreement may be extended for two additional five year terms based upon the mutual agreement of the parties.

b. Expiration or Termination of Term. Upon the expiration or termination of this Agreement, Parsons shall vacate and relinquish control of the Facility to HACSB (or at the direction of HACSB, to a new managing agent) and all of the books and records in the possession or control of Parsons pertaining to the management and operation of the Facility together with all other property and funds of HACSB or HACSB in Parson's possession or control, shall be promptly released and delivered to HACSB (or its designee), provided that Parsons shall have the right at its cost and expense to retain copies of said books and records. Parsons shall have no obligations to keep or maintain any books or records of the Facility or the operations thereof after the termination or expiration of this Agreement to the extent that such books and records have been delivered to HACSB (or its designee) as herein above provided. Parsons shall, upon the expiration or termination of this Agreement, also deliver to HACSB (or its designee) all furniture, equipment, supplies, brochures and advertising materials owned by HACSB, or the Facility used in the operation of the Facility and a complete list of same, and all service contracts and agreements binding upon HACSB or the Facility. Said furniture shall include furniture used in the office of the Facility, but may not include furniture which may be leased from third parties. Parsons shall, at any such termination or expiration, cooperate with HACSB or any successor managing agent in providing HACSB or any successor managing agent such information as it may reasonably require to operate the Facility and to provide for an orderly transition in the management of the Facility.

Section 3. General Duties of Parsons

The General Duties of Parsons include but are not limited to the following:

a. Parsons shall operate and manage the Facility in accordance with the provisions set forth in this Agreement. Parsons shall collect all Income from its operation of the Facility, obtain all necessary licenses and permits (as an Expenditure) pertaining to such operations and pay all Expenditures to the extent that Income is currently available to do so.

Furthermore, Parsons shall operate and maintain the Facility commensurate with standards required for similar properties in similar high-quality communities and markets (and, as to landscaping, in a healthy condition) and in accordance with the Facility Restrictions. Parsons shall upon a determination or belief by it that any of said requirements are inconsistent immediately give HACSB written notice of any requirements that it believes are inconsistent, written notice shall state which requirements Parsons believes are inconsistent. To the extent that any of the obligations are inconsistent, HACSB shall make the determination of which obligation shall be complied with. Parsons shall provide HACSB with a true copy of any notice received from any Governmental Agency of any violation of any laws, ordinances or regulations applicable to the Facility, or any notice of default received under any deed restriction or from the lender of any Loan.

b. Manuals. Parsons shall develop and update policies and procedures manuals for the operations of the Facility (the "**Facility Manual**").

c. Management. Parsons agrees to furnish the services of its organization, and to completely manage the Facility.

d. Compliance with Restrictions. Parsons agrees not to knowingly permit the use of the Facility for any purpose which might void any policy of insurance held by HACSB or which might render any loss insured there under uncollectible, or which would be in violation of any governmental restriction, deed, covenant, easement, or other agreement governing the operation of the Facility that has been delivered to Parsons.

e. Employees. Use reasonable efforts to assure compliance with all applicable employment, wrongful discharge, anti-discrimination, occupational safety, and health and other similar laws and regulations affecting employment of Personnel, and with private employment or union contracts.

f. Governmental Actions. Each Party shall promptly provide to the other as and when received, all notices, reports or correspondence from governmental agencies that assert deficiencies or charges against the Facility or that otherwise relate to the suspension, revocation, or any other action adverse to any approval, authorization, certificate, determination, license or permit required or necessary to own or operate the Facility. HACSB may appeal any action taken by any governmental agency against the Facility, provided, however, that HACSB shall adequately secure and protect Parsons from loss, cost, damage or expense by bond or other means reasonably satisfactory to Parsons in order to contest by proper legal proceedings the validity of any such statute, ordinance, law, regulation or order, provided that such contest shall not result in the suspension of operations of the Facility.

g. Compliance with Official Orders. Parsons shall take such action as may be necessary to comply promptly with any and all orders, evaluations, reports, or other requirements of any federal, state, regional, county, or municipal authority affecting the Facility or the operation thereof, and orders of the Board of Fire Underwriters or other similar bodies. Parsons, however, shall not take any action under this Section so long as Parsons has been informed that HACSB is contesting, or has affirmed its intention to contest any such order or requirement, unless a failure to comply promptly with any such order or requirement would expose Parsons to civil or criminal liability or revocation or suspension of facility or other operating licenses. Parsons shall promptly, and in no event more than seventy-two (72) hours after receipt; notify HACSB in writing of all such orders, notices, evaluations, reports or other requirements. Parsons immediately shall deliver to HACSB copies of all notices received by Parsons or received at the Facility from any trustee, mortgagee, or ground landlord relating or pertaining to the Facility.

h. Licenses and Permits. Parsons shall apply for and use its best efforts to obtain and maintain in the name and at the expense of the HACSB, all licenses and permits required in connection with the management and operation of the Facility. HACSB agrees to cooperate with Parsons in applying for, obtaining and maintaining such licenses and permits.

i. Parsons shall comply at all times with all federal state and local laws and regulations.

Section 4. Specific Duties of Parsons

a. Annual Plans. At least sixty (60) days prior to the end of each calendar year, Parsons shall prepare a comprehensive management plan for the maintenance, utilization and economic operation of the Facility for the next calendar year. Any policies or actions recommended in the plan are subject to the prior written approval of HACSB. HACSB shall have thirty (30) days from receipt of said plan to either approve the Plan or reject it with reasonable comments. The plan for each respective calendar year which has been approved by the HACSB is herein referred to as the “Plan”.

b. Parsons as Exclusive Leasing Agent. Subject to HACSB’s rights under the Agreement between HACSB and Owner, Parsons shall, during the term of this Agreement, act as HACSB’s exclusive agent in leasing the Facility.

c. Leasing. Parsons shall use all reasonable efforts to keep the Facility leased by procuring tenants for the Facility and negotiating and executing on behalf of HACSB and the HACSB all leases for apartment units in the Facility. All leases and related forms used by Parsons shall include the appropriate Parsons address for service and process. Parsons is authorized to enter into only those leases and rental agreements or extensions or renewals thereof meeting all of the following requirements: (i) the lease form shall have been approved by HACSB in writing; (ii) the rent, deposits and all other economic terms of the lease shall conform to the requirements of the Plan; (iii) the tenant shall meet the requirements of the Rules; and (iv) the Facility Restrictions. A true and complete original of each lease executed by Parsons shall be kept in the Facility’s office, together with such financial information on the tenant’s household that establishes his or her income eligibility for the Facility, and said information shall be made available to HACSB upon request. In the event required by HACSB or any Lender or prospective Lender, Parsons shall use its best effort to deliver to HACSB, within seven (7) days after a written request therefore an estoppel certificate, in form and substance satisfactory to HACSB, from each tenant as HACSB shall specify. As to any such estoppel certificate requested which Parsons is unable to deliver to HACSB, Parsons shall provide HACSB, at the end of such seven (7) day period, with its own certification indicating the efforts undertaken to obtain the certificate, any reasons given by the third party for failing or refusing to provide the same, and Parsons’ good faith belief as to what the third party would have certified had it provided a truthful estoppel certificate, including any claims or defenses of the Tenant as to which Parsons has knowledge, all certified under penalty of perjury by the officer of Parsons signing the same.

d. Qualifications of Tenants. Parsons shall not decline to lease any apartment unit in the Facility to any otherwise qualified prospective tenant selected in accordance with HACSB’s occupancy preference policy on the basis of the tenant’s race, color, creed, national origin,

sex, religion, sexual preference or any other classification then protected by law. Prior to executing any lease with a tenant, Parsons shall investigate the financial ability and history of the tenant to pay rent and to comply with the Facility Restrictions, satisfy the requirements of Facility Restrictions with respect to the investigation of prospective tenants to qualify as very low income tenants as required by the Facility Restrictions, perform necessary credit checks, and obtain references from appropriate parties and prior landlords, to the extent deemed necessary by Parsons to protect HACSB and the Facility against financial loss and to protect the physical condition of the Facility. All reasonable expenditures incurred by Parsons for duties described in this Paragraph shall be Expenditures.

e. On-Site Management Staff. Parsons may use up to one of the apartment units in the Facility for on-site management and staff personnel.

f. Advertising. Parsons agrees to promote leasing by reasonable use of available advertising media, and community outreach and in accordance with the Plan as said Plan may be revised with the approval of HACSB.

g. Authority and Duty to Enforce Leases. Parsons is authorized to serve notices to vacate on tenants and to institute any action or proceeding it deems necessary to: recover possession of leased premises; or to recover rent, charges, or other sums payable by the tenant. Parsons may compromise and settle or otherwise discontinue any such action or proceeding provided Parsons first obtain HACSB's prior approval. In exercising the authority granted by this Paragraph, Parsons may incur collection fees, costs and legal fees up to \$5000 per action or as otherwise agreed in writing by HACSB and Parsons. Any such reasonable fees or costs shall be Expenditures.

h. Security Deposits.

(1) Parsons shall collect a security deposit from each tenant in an amount equal to the maximum then authorized by HACSB. If no maximum is established by HACSB, the deposit shall be equal to one month's rent unless otherwise agreed to in writing by HACSB. Parsons shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), a trust account (the "Security Deposits Account") that balances to the security deposit liability.

(2) Parsons shall collect and disburse each security deposit in accordance with the requirements of the governing lease and then-applicable law.

i. Collection of Rents and Other Receipts. Parsons shall collect all rents, charges and other amounts receivable on HACSB's account in connection with the management and operation of the Facility. Parsons shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, an account in the name of HACSB (the "Cash Income Bank Account") for the deposit of all amounts collected from the Facility in accordance with provisions of Section 6a hereof.

j. Replacement Reserves. Parsons shall establish and maintain in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, an account in the name of

HACSB (the “Replacement Reserve Account”) for the monthly deposit of replacement reserve expense as set forth in the Plan and agreed upon by HACSB. This shall be an Expenditure. Any and all requests for use of replacement reserves by Parsons shall be submitted to HACSB in writing for prior approval.

(1) Tenant Problems. Parsons shall receive, consider and promptly respond to all tenant complaints or problems in a professional and businesslike manner consistent with Parsons authority and duties as described in this Agreement.

Section 5. Maintenance and Operation of Facility

a. Personnel. Parsons shall investigate, hire, pay, promote, supervise, and discharge (as necessary) full-time and part-time on-site personnel necessary for the efficient and economical operation and maintenance of the Facility in accordance with the Facility Restrictions. All Personnel shall be employees of Parsons or Parsons’ affiliate, or independent contractors, or leased employees, and all costs and expenses associated with said Personnel shall be paid as an expense of the operation of the Facility. Throughout the term of this Agreement, Parsons shall furnish a fidelity bond with a minimum principal amount equivalent to two months operating receipts to protect HACSB against misapplication of funds by Parsons and Parsons’ employees. Employees of Parsons who handle or are responsible for monies of HACSB shall be bonded by Parsons. Parsons shall exercise reasonable care in the selection of competent, diligent and honest Personnel and also shall:

b. Maintenance. Parsons shall take all reasonably appropriate steps to insure that the Facility (including interior and exterior walls) is maintained in good condition and in a good state of repair in accordance with the Facility Restrictions and shall make such expenditures for capital improvements as HACSB, in the exercise of its reasonable judgment deems required to operate and maintain the Facility in good condition. To this end, Parsons shall:

(1) Supervise the performance of the following, subject to any limitations imposed by HACSB: all interior and exterior cleaning, painting, decorating, and carpentry; the maintenance and repair of plumbing, heating, and ventilation systems, and elevators; the maintenance of outdoor grounds and facilities; and any other normal maintenance and repair work that becomes necessary.

(2) Systematically and promptly receive and investigate all service requests from tenants, take any necessary action, and keep records of the action taken. Emergency requests shall be received and serviced on a 24-hour basis. Complaints of a serious nature shall be reported to HACSB after investigation by Parsons.

(3) Purchase materials, supplies, equipment, tools, appliances and services that are necessary for the operation and maintenance of the Facility as well as for compliance with the Plan.

(4) Contract with independent contractors, in consultation with HACSB, for the maintenance and repair of air conditioning and heating systems, elevators, and other items requiring special maintenance and repair skills not usually possessed by regular maintenance employees.

Notwithstanding any of the provisions of this Subsection b, a maintenance or repair outlay costing in excess of \$1,500 shall require the prior approval of HACSB unless said expenditure is provided for in the Plan. This limitation shall not apply to recurring expenses within the limits of an operating budget provided for in the Plan, to emergency repairs involving imminent danger to persons or property, or to expenditures required to avoid suspension of any necessary service to the Facility. In any of these events, however, Parsons shall notify HACSB of all relevant facts, voicemail or email is deemed sufficient, as soon as possible after the occurrence of the event giving rise to the expenditure.

c. Supplies. Parsons shall provide all supplies and miscellaneous equipment used or consumed in the operation of the Facility. The cost of said supplies and miscellaneous equipment (without any markup or profit to Parsons) shall be an Expenditure. Any service or supply contracts for the Facility made by Parsons with an affiliate or subsidiary of Parsons shall be on commercially reasonable terms for similar Facilities by unrelated parties or otherwise approved in writing by HACSB.

d. Business License Taxes. Parsons shall, at least five (5) days before the same becomes delinquent, pay any business license taxes imposed in connection with the operation of the Facility.

e. Taxes. Parsons shall cause all taxes, assessments, withholdings, payroll taxes and charges of every kind imposed upon the Facility by any governmental authority, including interest and penalties thereon, to be paid when due from the Operating Account. Parsons shall deliver to HACSB a copy of any assessment, tax notice or tax bill received by Parsons and shall pay the same as and when due; provided, Parsons shall not cause such payment to be made if (a) same is in good faith being contested by HACSB at its sole expense and without cost to Parsons, (b) enforcement thereof is stayed, and (c) HACSB shall have given Parsons written notice of such contest and stay and authorized the non-payment thereof, not less than ten (10) days prior to the date on which such tax assessment, or charge is due and payable.

f. Services and Utilities. Parsons shall contract for all services and utilities necessary for the efficient operation and maintenance of the Facility, including water, electricity,

gas, telephone, pest extermination, and rubbish hauling. Parsons shall not enter into any contract that has a term in excess of the shorter of: (i) five (5) years; or (ii) the remaining term of this Agreement, and otherwise complies with the Plan without first obtaining the prior written consent of HACSB.

Section 6. Collection of Income, Security Deposits, and Payment of Expenditures.

a. Collection of Income and Security Deposits. Parsons shall collect the Income for the Facility and shall deposit all such Income in the Cash Income Bank Account established and maintained by Parsons in the name of HACSB. All collected funds shall be deposited in the Cash Income Bank Account or Security Deposits Account, as the case may be, no later than the first banking day following their receipt. Parsons shall only have the right to disburse funds from the account for security deposits to return security deposits due to tenants or, upon the forfeiture of said security deposits, to disburse the amount of any forfeited security deposits into the Cash Income Bank Account. Funds in the Cash Income Bank Account and the Replacement Reserve Account may only be disbursed by HACSB. All funds in the Cash Income Bank account, the account for tenant security deposits, and the account for replacement reserves shall be the property of HACSB and shall not be commingled with funds of Parsons and shall, if not sooner delivered to HACSB according to the terms of this Agreement, be delivered to HACSB upon the expiration or termination of this Agreement. Any and all interest earned on the aforementioned bank accounts shall be deposited and added to the Cash Income Bank Account.

b. Payment of Expenditures. HACSB shall, upon receiving and approving a request from Parsons, transfer from the Cash Income Account or Replacement Reserve Account, as appropriate, sufficient funds to cover current expenditures to payroll and vendor payable accounts maintained and controlled by Parsons for the Facility. Parsons shall pay all items included in the definition of "Expenditures" prior to delinquency to the extent that cash is currently available to do so.

c. Shortfall of Income. To the extent that Income for the Facility for any period during the term of this Agreement is insufficient to pay Expenditures for such period as they become due for the Facility, Parsons shall have no obligation to pay such Expenditures from its own funds; however, Parsons agrees to immediately notify HACSB of such insufficiency.

d. Notification of Bank Accounts. Upon the opening of any and all "Facility" bank accounts, at HACSB approved institutions only, Parsons shall promptly notify HACSB in writing, for each such account, the name of the bank, the branch, address and telephone number of the bank, the account number and the name given to the account, together with a true copy of the signature card for such account and confirmation that funds deposited in such bank and for such account are fully insured by the Federal Deposit Insurance Corporation. For each separate bank account, Parsons shall within reasonable time after the receipt of the same furnish HACSB with monthly statements regularly prepared by the bank of all deposits and withdrawals to and from

such account and the beginning and ending balances for the monthly reporting period. Parsons agrees to use reasonable efforts to assure that the amounts in any Facility accounts controlled by Parsons shall not exceed the maximum amount insured by the FDIC.

e. Accounts Payable System. Parsons shall organize and maintain a system of controls designed to insure the authenticity of bills, invoices and statements charged and paid.

f. Disbursements from Bank Accounts. Any disbursements from bank accounts maintained by Parsons shall be authorized, in writing, by one of the following employees of HACSB; the Executive Director/CEO, Finance Director, or Chief Operating Officer/ Deputy Executive Director.

Section 7. Accounting Records and Reports.

a. Books and Records. Parsons agrees to keep accurate, complete and separate books and records of accounts in accordance with accepted accounting standards and procedures. Said standards and procedures must be approved by HACSB and be done on the basis of a calendar year. These books and records shall show all Income and Expenditures, accounts payable, accounts receivable, available cash and other assets and liabilities pertaining to the Facility. HACSB may, at any time during Parsons' normal business hours and either in person or through a representative, inspect all records and supporting and related documentation kept by Parsons relating to the management and operation of the Facility, including checks, bills, vouchers, statements, cash receipts, and correspondence. HACSB may, as an Expenditure, have audits made from time to time, in HACSB's sole discretion, of all account books and records connected with the management of the Facility.

b. Income and Expense Reports. Each month Parsons shall prepare and submit to HACSB an income and expense report in a form reasonably acceptable to HACSB that shows a summary of all Income collected and all Expenditures. The monthly income and expense report shall separately set forth data for both the current month and the year to date (including the current month) the variance, if any, from the Plan for such calendar year and an updated projected cash flow statement through the end of the current calendar year and the variance, if any, from the Plan for such calendar year. Parsons upon the written request of HACSB, shall deliver to HACSB all bills paid by Parsons for the preceding month. Simultaneously with delivery of the monthly income and expense report, Parsons shall also deliver to HACSB a rent roll and check register in forms reasonably created by Parsons and acceptable to HACSB.

c. Delinquency and Vacancy Reports. On or before the tenth (10) day of each month, Parsons shall prepare and submit to HACSB a tenant delinquency report for the Facility. A vacancy report shall be prepared by Parsons and submitted to HACSB on a monthly basis.

d. Annual Financial Report. For each calendar year ending during the term of this Agreement, Parsons shall cause an annual financial report to be prepared in a form reasonably

acceptable to HACSB. The report shall be submitted to HACSB within sixty (60) days after the end of the calendar year.

e. Filing of Tax and Other Returns and Reports.

(1) Parsons shall cause to be prepared and filed all returns and other documents required under the Federal Insurance Contributions Act (FICA) and the Federal Unemployment Tax Act, or any similar federal or state legislation, and all withholding tax returns required for its employees. Parsons will pay for its payroll account for the Facility all amounts required to be paid under the Federal Unemployment Tax Act, or any similar federal or state legislation, and all withholding taxes. Parsons shall also prepare and file the following on behalf of HACSB:

- (a) All payroll forms and reports concerning Parsons' employees;
- (b) Worker's compensation forms;
- (c) Business tax forms;
- (d) Health and welfare forms connected with labor union employees, if any.

(2) HACSB shall be responsible for preparing its own income tax return.

Notwithstanding the foregoing, Parsons agrees to use its best efforts to ensure that the records and reports on the Facility furnished to HACSB under this Agreement shall set forth all required data as to operating expenses and income and shall be otherwise sufficient for the preparation of HACSB's income tax return and HACSB's Audited Financial Statements.

f. Additional Reports. Parsons shall also prepare and furnish any additional reports as may be reasonably required by any Lender or any party having a right thereto under the Facility Restrictions, provided however that if any such reports are more than those customarily required of similar properties of the type and in the area of the Facility, then Parsons shall have no obligation to deliver such reports until Parsons and HACSB have agreed upon an amount to be paid to Parsons to prepare such reports.

Section 8. Insurance Coverage.

a. Obtaining Insurance. At all times during the term of this Agreement, HACSB and Parsons shall procure and maintain insurance against the hazards provided in minimum amounts as set forth in Exhibit A hereof and certificates of all policies evidencing such insurance shall be delivered to both HACSB and Parsons; all policies of insurance provided for herein shall name: (i) the HACSB; (ii) Parsons and (iii) all Lenders, as insured's thereunder as their respective interests may appear; all such policies or contracts of insurance shall be issued by insurance carriers which are acceptable to HACSB. The premiums for said insurance shall be subject to HACSB's prior written approval unless the premiums are not more than provided for in the Plan. HACSB may require Parsons to obtain up to three (3) separate bids from three (3) separate insurance companies

for any such insurance. The parties set forth in Subsections (ii) through (iii), inclusive, of this Subsection are herein collectively referred to as “Additional Insured’s”.

b. Policy Requirements. Each of the foregoing policies shall contain (i) the agreement of the insurer to give HACSB and Additional Insured’s at least thirty (30) days’ notice prior to cancellation of or material change in said policies or any of them, and (ii) waiver of subrogation rights against HACSB and any Additional Insured’s. Parsons shall, upon request, provide HACSB with written evidence of all of the above named policies of insurance and renewals thereof. The premiums for each of the foregoing policies shall be an Expenditure, as well as any deductibles paid under such insurance to the extent the payment is for any item otherwise not excluded from the definition of an Expenditure hereunder.

c. Investigation of Damage, Destruction or Accidents. Parsons shall promptly investigate and make a full written report of all damage or destruction to the Facility in excess of \$5,000 and all accidents or claims for damages relating to the ownership, operation or maintenance of the Facility. The report shall include the estimated cost of repair, if applicable. Parsons shall also cooperate with and make any reports or satisfy any other requirements of the insurance policy or policies covering a loss or claim.

d. Casualty. If, during the term hereof, the Facility is damaged or destroyed, in whole or in part, by fire, casualty or other cause, HACSB, at its option, may repair or replace the damaged or destroyed portion of the Facility. All casualty insurance proceeds or recoveries for damage or destruction to the Facility shall be payable to, and are hereby assigned to HACSB and shall be paid directly to HACSB.

d.e. Tail Insurance Coverage. To the extent any insurance policies listed on Exhibit C or otherwise acquired under this Agreement are on a “claims made” (as opposed to “occurrence”) basis, the insuring party specified on Exhibit A shall obtain tail insurance coverage for losses arising prior to any termination of this Agreement (“Tail Insurance”), including for general and professional liability, automobile liability, tenant discrimination, umbrella policy, and worker’s compensation and employment practices liability. To the extent commercially available, such tail coverage will name as insureds, PARSONS, HACSB, and the Additional Insureds. This Tail Insurance shall be for a commercially reasonable period at least as long as the applicable statute of limitations governing potential claims under each of the claims made policies. The cost of premiums and any deductibles for such Tail Insurance shall be treated as an Expenditure or otherwise as the responsibility of HACSB. The obligations under this Tail Insurance provision shall survive any termination of this Agreement.

Section 9. Consent to Alterations.

No structural alterations, additions or improvements in the amount above \$1,500 of any character shall be made in or to the Facility by Parsons except as consented to in writing by HACSB in advance of the making thereof. Any such structural alterations, additions or improvements shall be the

property of the HACSB and shall remain as a part of the Facility upon the expiration or termination of this Agreement.

Section 10. Compensation.

a. Management Fee. Parsons shall be entitled to a Management Fee equal to that set forth in Exhibit B hereof. This shall be an Expenditure. The Management Fee shall be due and payable monthly to Parsons, commencing at the end of the first full calendar month of the term hereof. The Management Fee shall include the administrative and overhead expenses of Parsons for the Facility, but not the payroll and payroll expenses for on-site management and staff personnel which shall be an Expenditure.

b. Management Fee as Total Compensation. Except as provided in Subsection b of this Section 10, Parsons' compensation (as described in Subsection a of this Section 10) is to be paid in consideration of all services to be rendered pursuant to the terms of this Agreement by Parsons and all of Parsons' employees, except on-premises employees and workers. Parsons' managerial expenses shall not be reimbursed by HACSB and shall not be an Expenditure unless provided for in a budget which has been approved in writing by HACSB. Parsons' office overhead expenses, whether or not allocable to services rendered in the management of the Facility, are to be treated as services and expenses incurred in consideration of the managerial compensation provided for in Subsection a of this Section 10. All rebates, discounts, or commissions collected by Parsons or credited to Parsons' use that relate to the purchasing of supplies, or to the rendering of services for the Facility, shall be credited to HACSB's account. For the purposes of this Section, all rebates, discounts or commissions relating solely to managerial overhead expenses need not be disclosed to HACSB and need not be allocated in part to HACSB's account.

Section 11. Legal and Accounting Services.

Parsons shall refer any matter requiring legal or accounting expertise to the appropriate professional designated by HACSB. Fees and costs for services rendered by these professionals shall be an Expenditure.

Section 12. Termination of Management Agreement.

a. HACSB's Sale: Transfer or Lease. HACSB shall notify Parsons at least thirty (30) days before an anticipated transfer of title to the Facility. On transfer of title to the Facility, this Agreement may, at HACSB's sole option, be terminated.

b. Right to Terminate on Parsons' Default. If Parsons is in default under the terms of this Agreement as provided in Section 15 hereof, HACSB shall have the right to terminate this Agreement by giving Parsons written notice. The Agreement shall terminate on the date specified in the notice of termination.

c. General Termination. Either party shall have the right to terminate this Agreement without cause upon 60 days' notice to the other party mailed or delivered to the address set forth on the signature page of this Agreement.

d. Effect of Termination. On termination of this Agreement, Parsons and HACSB agree as follows:

(1) The provisions of Section 2b hereof shall apply;

(2) Parsons' right to compensation shall immediately cease, except that Parsons is entitled to compensation for services rendered or incurred before the termination date, provided that HACSB shall have the right to set off against any such compensation any damages incurred by reason of and default by Parsons which was the cause of the termination; and

(3) The agency relationship created under this Agreement shall immediately cease, and Parsons shall have no further right or authority to act for or on behalf of HACSB; and

(4) Parsons and HACSB, further agree, that any such termination shall occur in orderly fashion and that all reasonable accommodations to both parties shall occur so as to minimize the financial and business impacts that such termination may involve.

Section 13. Purposely Left Blank.

Section 14. Indemnifications.

a. Except as otherwise expressly provided in this Agreement and except for claims solely and directly based on the gross negligence or intentional misconduct of PARSONS or PARSONS's employees, HACSB shall indemnify, defend with counsel reasonably acceptable to PARSONS, and hold PARSONS and PARSONS' employees, directors, officers, agents, and shareholders, free and harmless from and against all loss, damage, cost, expense, attorney's fees, suits, liabilities, claims, damages, fines, penalties, and other charges or claims, including class action or mass tort claims ("claims") arising out of or relating to the management, rental or operation of the Facility or the performance by PARSONS or its employees of any of the duties, powers, and responsibilities assigned to PARSONS under this Agreement ("claims"). Without limiting the generality of the foregoing, the indemnification obligations under this Section are intended to include application to claims arising out of or relating to: (a) any injury or death to any person, or damage to any real or personal property of any person incurred in, on, or about the Facility, or incurred in connection with the use or operation of any vehicles owned by HACSB or serving the Facility, (b) present or future violation or alleged violation of laws, ordinances, statutes, or regulations relating to the Facility and/or equipment on the Facility; (c) any alleged breach of the California Fair Employment and Housing Act or other state or federal law prohibiting discrimination in housing based on race, sex, creed, color, religion, national origin, mental or physical disability, or other protected characteristics, (d) any alleged breach of state or federal statutes governing credit reporting activity, (e) any rent

control ordinance or statute applicable to the Facility, (f) any environmental protection statute or common law obligation, (g) the management, leasing, rental, security deposits or operation of the Facility by PARSONS, (h) all services provided to residents under any agreement between PARSONS and any residents of the Facility, (i) any proceeding involving alleged violations by PARSONS or HACSB, or both, of any constitutional provision, statute, ordinance, law or regulation of any government body pertaining to habitability, or fair housing, discrimination in the sale, rental, or other disposition of housing or any services rendered in connection therewith, (j) the performance or exercise in good faith of any of the duties, powers or authorities granted to PARSONS under this Agreement, and (k) alleged violations of Section 42 rules, including the financial ability and history of any tenant to pay rent and to comply with the Section 42 Rules, satisfy the requirements of Section 42 with respect to the investigation of prospective tenants to qualify as very low income tenants as required by the Section 42 Rules. The obligations under this Section 14 shall survive any termination of this Agreement.

b. PARSONS shall not be liable to HACSB by reason of any error of judgment or mistake of law or fact or any act or omission, except in cases of willful misconduct or gross negligence.

a. Parsons shall, at all times, indemnify, defend, and hold harmless HACSB, its Governing Board, officers, directors, employees and members from and against any and all claims, losses, liabilities, actions, proceedings and expenses (including reasonable attorneys' fees) arising out of or in connection with Parsons' negligence or willful acts in connection with Parsons' obligations under this Agreement. The provisions of this paragraph shall survive the termination or expiration of this Agreement.

b. HACSB shall, at all times, indemnify, defend, and hold harmless Parsons, its Governing Board, officers, directors, employees and members from and against any and all claims, losses, liabilities, actions, proceedings and expenses (including reasonable attorneys' fees) arising out of or in connection with any negligence or willful acts in connection with HACSB's obligations under this Agreement. The provisions of this paragraph shall survive the termination or expiration of this Agreement.

c. Certain Operational Policies. Parsons shall endeavor at all times to operate the Facility in a manner that is consistent with and which reflects the values of HACSB as adopted or enunciated by its board of directors consistent with the approved policies and procedures of Parsons.

Section 15. Default and Remedies.

a. Default. An Event of Default shall occur under this Agreement if any of the following shall take place:

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(1) failure to comply with, perform or observe any of the obligations or covenants made by Parsons in this Agreement;

(2) a material default by Parsons under any other agreement between Parsons and HACSB or any other affiliate of HACSB;

(3) any Governmental Authority takes or institutes action which in the reasonable opinion of HACSB, will materially and adversely affect Parsons' condition, operations, or ability to comply with the terms of this Agreement;

(4) the bankruptcy or insolvency or material adverse change in the assets, liabilities or financial position of Parsons;

(5) if any Governmental Authority, or any court at the instance thereof, shall assume control over the affairs or operations of, or a receiver or trustee shall be appointed over or of any substantial part of, or a writ or order of attachment or garnishment shall be issued or made against any substantial part of the property of Parsons and the same is not dismissed within sixty (60) days after such event or within such shorter period as HACSB may determine, in its reasonable judgment, may threaten the availability of the Tax Credits;

(6) if Parsons shall admit in writing its inability to pay its debts when due, or shall make an assignment for the benefit of creditors; or Parsons shall apply for consent to the appointment of any receiver, trustee or similar officer for Parsons or for all or any substantial part of its property; or Parsons shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debts, dissolution, liquidation, or similar proceedings relating to Parsons or under the laws of any jurisdiction;

(7) if Parsons shall transfer, pledge, hypothecate or encumber any interest in this Agreement without the prior written approval of HACSB provided Parsons shall have the right to pledge, hypothecate or encumber its right to receive the compensation provided for in Section 10 thereof;

b. Cure Period. Upon the occurrence of an Event of Default, HACSB shall, prior to taking any remedial action, except in case of an emergency, serve notice of the same upon Parsons. Upon receipt of such notice from HACSB, Parsons shall have seven (7) additional business days to cause such Event of Default to be eliminated.

c. Notice Period. All notice and time periods provided herein shall run concurrently with, and shall not be in addition to, any notice or cure periods provided by applicable law.

d. Remedies. If Parsons shall have failed to eliminate an Event of Default within the time provided in Subsection b hereof, HACSB shall have the right, at its option to be exercised in its sole discretion, whether before, during or after commencing judicial proceedings to exercise any or any combination of the following remedies:

(1) Commence and pursue a direct cause of action against Parsons for the full extent of Parsons' liability under this Agreement, seeking recovery for all liabilities, losses, damages and expenses, including, but not limited to, attorneys' fees and other legal expenses, sustained or incurred by HACSB by reason of such breach;

(2) Pursue any other right or remedy available to HACSB, at law or in equity, with respect to Parsons.

It is understood that in the event of any Event of Default, the economic impact of the loss of the Tax Credits proximately caused by such event of default shall be taken into account as a factor in determining HACSB's and/or HACSB damages caused by the Event of Default. All of the remedies set forth herein, or at law or in equity, shall be equally available to HACSB, and the choice by HACSB of one such alternative over another shall not be subject to question or challenge by Parsons or any other person, nor shall any such choice be asserted as a defense, set off or failure to mitigate damages in any action, proceeding or counteraction by HACSB to recover or pursue any other remedy under this Agreement, nor shall such choice preclude HACSB from subsequently electing to exercise a different remedy. The parties have agreed to the alternative remedies hereinabove specified in part because they recognize that the choice of remedies in the event of a breach (exercised in good faith), which the passage of time and events may or may not prove to have been the best choice to maximize recovery by HACSB. It is the intention of the parties that such choice by HACSB be given conclusive effect regardless of such subsequent developments.

Notwithstanding anything contained in this Agreement either to the contrary or which may be construed to the contrary, nothing herein shall be construed as a waiver or to waive any defense of or by Parsons (or those covered by the enforcement and corresponding damages relative to this Agreement). Further, in the event such action or proceeding is brought for the interpretation or enforcement of any portion of this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and court costs in connection therewith.

Section 16. Miscellaneous.

a. Independent Contractor. It is understood that in operating and managing the Facility, Parsons is an independent contractor and is not acting as employee, partner, joint venture, or lessee and nothing herein shall be construed as reserving to HACSB the right to control Parsons' business or operations or the manner in which the same shall be conducted.

b. Counterparts. This Agreement may be executed in any number of counterparts which together shall constitute the contract of the parties.

c. Notices. All notices shall be in writing and shall be deemed to have been properly given on the earlier of (a) when delivered in person, (b) three (3) days after the date deposited in the United States Mail, with adequate postage, and sent by registered or certified mail with return receipt requested, to the appropriate party at the address set out below, or (c) when deposited with Federal Express, Express Mail or other overnight delivery service for next

day delivery, addressed to the appropriate party at the address set out below, or (d) via email transmission delivery and read receipt requested with return confirmation.

OWNER:

Santa Barbara Affordable Housing Group
808 Laguna Street
Santa Barbara, CA 93101
Attn: Executive Director/CEO

MASTER PROPERTY MANAGER:

Housing Authority of the City of Santa Barbara
808 Laguna Street
Santa Barbara, CA 93101
Attn: Executive Director/CEO

ONSITE MANAGER:

Garden Court
1116 De La Vina Street
Santa Barbara, CA 93101
Attn: Site Manager

MANAGER:

~~Parsons Family Management, LLC~~ The Parsons Group, Inc.
1 North Calle Cesar Chavez, Suite 200
Santa Barbara, California 93103
Attn: ~~Director of~~
Operations President

Rejection or other refusal by the addressee to accept, or the inability of the courier service or the United States Postal Service to deliver because of a changed address of which no notice was given, shall be deemed to be receipt of the notice sent. Any party shall have the right, from time to time, to change the address to which notices to it shall be sent by giving to the other party or parties at least ten (10) days prior notice of the changed address.

d. Incorporation of Preamble, Recital and Exhibit. The preamble, recitals and exhibits hereto are hereby incorporated into this Agreement and made a part hereof.

e. Titles and Headings. The titles and headings of sections of this Agreement are intended for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

f. Changes, Waivers, Discharge and Modifications in Writing. No provision of this Agreement may be changed, waived, discharged or terminated except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. The waiver by either party of a default or breach hereunder shall not be construed as a waiver of any after default or breach hereunder by such party.

g. Time is of the Essence. Time is of the essence of this Agreement.

h. Attorney's Fees. In the event of any action or proceeding by any party hereto for breach or to enforce the provisions of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover reasonable attorneys' fees and costs as the court may determine. For the purpose of this Agreement, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto (including, without limitation, in-house counsel employed by HACSB or Parsons), which may include printing, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceeding, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

i. Entire Agreement. This Agreement constitutes the entire agreement and understanding of HACSB and Parsons with respect to the matters set forth herein and therein. No representation, warranty, covenant, promise, understanding or condition shall be enforceable against any party unless it is contained in this Agreement.

j. Severability. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision.

k. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

l. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted respective successors and assigns, provided, however, that Parsons shall not have the right to assign its rights or obligations hereunder without the prior written approval of HACSB. Parsons shall, with consent of the HACSB, which consent may be withheld in the sole discretion of HACSB, have the right to assign or subcontract its obligations hereunder, provided Parsons shall not be released from liability hereunder without the written consent of HACSB. HACSB shall have the right to assign its rights under this Agreement without the approval of Parsons.

m. No Discrimination. There shall be no discrimination against or segregation of any persons or group of persons on account of race, color, creed, religion, sex, marital status, ancestry, or national origin in the sale, lease, transfer, use, occupancy, tenure, or enjoyment of land, nor shall the transferee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees, or vendees of land.

n. Further Assurances. Parsons shall execute and deliver from time to time, promptly after any request therefore by HACSB, any and all instruments, agreements and documents and shall take such other action as may be necessary or desirable in the opinion of HACSB to carry out the terms of this Agreement, all as HACSB shall reasonably require.

o. Litigation. Parsons shall give HACSB prompt written notice of any action or proceeding commenced or threatened against HACSB, or the Facility and will deliver to HACSB copies of all notices, and other information regarding such proceeding or action promptly upon receipt or transmittal thereof.

p. License Requirements. Parsons represents and warrants to HACSB that it has all of the necessary licenses as are legally required to carry out its obligations under the terms of this Agreement and that it shall, at its sole cost and expense, maintain all of such licenses in good standing throughout the term of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Property Management Agreement as of this ____ day of June, 2020~~18~~.

THE PARSONS GROUP, INC~~PARSONS FAMILY MANAGEMENT, LLC~~ HOUSING AUTHORITY
OF THE
a California corporation~~limited liability company~~ CITY OF SANTA BARBARA,
a public body, corporate and politic

By: _____
JANELLE PARSONS
President

1 N. Calle Cesar Chavez, Ste. 200
Santa Barbara, CA 93103

By: _____
ROB FREDERICKS
Executive Director/CEO

808 Laguna St.
Santa Barbara, CA 93101

EXHIBIT A

Insurance Requirements

Insurance Requirements

The following listed Insurance Requirements are considered the “minimum”.

<u>Commercial General Liability</u>	
<u> General Aggregate</u>	<u>\$ 2,000,000</u>
<u> Products-Comp/Ops. Aggregate</u>	<u>\$ 2,000,000</u>
<u> Personal & Adv. Injury</u>	<u>\$ 1,000,000</u>
<u> Each Occurrence</u>	<u>\$ 1,000,000</u>
<u> Fire Legal Liability</u>	<u>\$ 1,000,000</u>
<u> Pollution (If Applicable)</u>	<u>\$ 1,000,000</u>
<u>Automobile Liability (including hired/non owned)</u>	<u>\$ 2,000,000</u>
<u>Tenant’s Discrimination Liability</u>	<u>\$ 1,000,000</u>
<u>Professional Liability (Malpractice)</u>	<u>\$ 1,000,000</u>
<u>Workers Compensation & Employer’s Liability</u>	
<u> Each Accident</u>	<u>\$ 1,000,000</u>
<u> Disease – Policy Limit</u>	<u>\$ 1,000,000</u>
<u> Disease – Each Employee</u>	<u>\$ 1,000,000</u>
<u>Excess/Umbrella Liability - Must sit over General, Automobile, Employer’s and Professional Liability Policies</u>	<u>\$ 5,000,000</u>

**Notwithstanding Section 8 of the Management Agreement, PGI is not obligated to provide Property Insurance for the following; Building, Building Personal Property, Rental Loss, Building Ordinance or Law. HACSB shall obtain the above coverage and shall name Parsons as an additional insured and provide to Parsons written evidence of such insurance coverage.

Earthquake Insurance Not required.

Flood Insurance Not required.

These insurance requirements are subject to change over time, based on HACSB’s new policy requirements or the requirements of any investor and/or lender.

The following listed Insurance Requirements shall be obtained by HACSB and are considered the “minimum”.

Commercial General Liability	
— General Aggregate	\$ 2,000,000
— Products Comp/Ops. Aggregate	\$ 2,000,000
— Personal & Adv. Injury	\$ 1,000,000
— Each Occurrence	\$ 1,000,000
— Fire Legal Liability	\$ 1,000,000
— Pollution (If Applicable)	\$ 1,000,000
Automobile Liability (including hired/non-owned)	\$ 1,000,000
Property Insurance for the following; Building, Building Personal Property, Building Ordinance or Law.	Up to limits acceptable to HACSB
Earthquake Insurance: for the following; Building, Building Personal Property, Business Interruption, Building Ordinance or Law.	Not required
Flood Insurance	Not required unless property is designated in a flood hazard zone

The following listed Insurance Requirements shall be obtained by Parsons and are considered the “minimum”.

Professional Liability Coverage	\$2,000,000
Errors and Omissions Insurance. Must include “Tenant Discrimination Coverage” or alternatively an employment practices liability policy that includes coverage for ‘third party’ discrimination	\$1,000,000
Business Interruption Insurance	\$2,000,000
Automobile Liability (including hired/non-owned)	\$1,000,000
Workers Compensation & Employer’s Liability	
— Each Accident	\$ 1,000,000
— Disease — Policy Limit	\$ 1,000,000
— Disease — Each Employee	\$ 1,000,000
Excess/Umbrella Liability – Must sit over General, Automobile, Employer’s and Professional Liability Policies and <u>Must be Occurrence Form</u>	\$ 3,000,000

EXHIBIT B

Management Fee Schedule

The management fee will initially be set at \$8,182.00 per month.

Annual increases, if any, are to be negotiated between the parties based on industry standards and HACSB's ability to pay.

AMENDED AND RESTATED PROPERTY MANAGEMENT
AGREEMENT

for

The Gardens on Hope

by and between

HOUSING AUTHORITY OF THE
CITY OF SANTA BARBARA

and

THE PARSONS FAMILY MANAGEMENT, LLC GROUP, INC.

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AMENDED AND RESTATED PROPERTY MANAGEMENT AGREEMENT

THIS AMENDED AND RESTATED PROPERTY MANAGEMENT AGREEMENT (the "Agreement") is made and entered into as of this 19th day of July, 2018May, 2020, by and between the Housing Authority of the City of Santa Barbara, a public body, corporate and politic (hereinafter called "Property Manager" and/or "HACSB"), and The Parsons Family Management, LLC, Group, Inc., a California limited liability companycorporation, (hereinafter called "Sub-Property Manager" and/or "PARSONS").

WITNESSETH

WHEREAS, HACSB is the Property Manager of a senior housing facility, having 90 units, located at 251 S. Hope Avenue, Santa Barbara, California 93105, together with the equipment, furnishings and other tangible personal property used in connection with it (the "Facility") pursuant to that certain Management Agreement entered into by and between HACSB and 251 South Hope Associates, LP ("Owner"); and

WHEREAS, HACSB ~~wishes to retain~~retained the services of PARSONSParson Family Management, LLC, a California limited liability company ("Parsons LLC") as SUB-PROPERTY MANAGER of the Facility in accordance with the terms and conditions of ~~this~~that certain Property Management Agreement, dated July 19, 2018 ("Original Agreement"); and

WHEREAS, the Original Agreement was assigned by LLC to PARSONS by that certain Assignment and Assumption Agreement and Consent to Assignment dated April 1, 2020; and

WHEREAS, PARSONS and HACSB desire to amend and fully restate the Original Agreement; and

WHEREAS, PARSONS is willing to perform certain services with regard to the management, operation, maintenance, marketing, and servicing of the Facility (the "Management Services"), upon the terms and subject to the conditions contained herein; and

WHEREAS, PARSONS acknowledges the importance of offering an optional package of quality services at an affordable price for very low income seniors; and

WHEREAS, PARSONS acknowledges that OWNER has qualified the Facility for Tax Credits available under Section 42 ("Section 42") of the Internal Revenue Code of 1986, as amended, which qualification has a significant impact on the value of the Facility and the HACSB's interest therein. The Owner and Property Manager desire to operate the Facility in strict accordance with the requirements of Section 42 and the laws, rules and regulations promulgated thereunder (collectively "Section 42 Rules"); and

WHEREAS, PARSONS agrees to manage and operate the Facility in accordance with all local, state and federal government regulations as well as the Section 42 Rules and in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the promises and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HACSB and PARSONS agree to amend and restate the Original Agreement in its entirety as follows:

Section 1. Definitions

In addition to the terms otherwise defined in the Agreement, for the purposes of this Agreement, the following terms shall have the following meanings:

a. "Environmental Laws" shall mean any and all present and future federal, state and local laws, ordinances, regulations, policies and any other requirements of each applicable Governmental Authority relating to the health, safety, the environment or to any Hazardous Substances, including without limitation the following federal laws; the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, "CERCLA"), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300 ~~fetet~~ et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations and the rules, regulations and guidance documents promulgated under each of them.

b. "Expenditures" shall mean all current expenditures required to be made by PARSONS on a cash basis for any applicable period during the term hereof for the operation of the Facility, or any part thereof, including but not limited to, the Management Fee as provided in Section 10 hereof, payroll and payroll expenses, suppliers, license and permit fees, maintenance and repair expenses, such reserves for replacements and repairs as HACSB shall in its sole discretion determine, utility charges, insurance premiums (including deductible amounts), and extraordinary expenses as approved by HACSB. Expenditures shall not include (i) payments from insurance proceeds for capital improvements unless so directed by HACSB; (ii) any capital improvements, except as directed by HACSB; (iii) depreciation of buildings or improvements or other non-cash items of expense or deduction from income; (iv) general overhead or administrative expenses of PARSONS, which are the sole responsibility of PARSONS or (v) costs associated with the Resident Services Package.

c. "Facility Restrictions" shall mean those matters listed in (i) Governmental Regulations, (ii) the recorded California Tax Credit Allocation Committee Extended Use Agreement, (iii) the Covenants, Conditions and Restrictions that are of record and recorded against the real property that the Facility occupies, (iv) the Section 42 Rules, (v) the terms and conditions of Loans, and (vi) the Plan for the applicable calendar year.

d. "Governmental Authority" shall mean each federal, state, or local body or agency which has jurisdiction over the Facility or any portion of it, or which has the power to regulate, govern, approve or control the Facility.

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e. "Government Regulations" means Environmental Laws and all present and future statutes, regulations, rules, ordinances, codes, licenses, requirements, resolutions, policy statements, and orders (including without limitation, those relating to land use, subdivision, zoning, environmental, toxic or hazardous waste, occupational health and safety, water, earthquake, hazard reduction and building and fire codes) of any governmental authority having jurisdiction, and all applicable judicial, administrative and regulatory decrees, judgments and orders relating to the ownership, construction, alteration, rehabilitation, maintenance, use, operation, sale or other disposition of the Facility.

f. "Hazardous Substances" shall mean any (i) asbestos in any form; (ii) urea formaldehyde foam insulation; (iii) polychlorinated biphenyls; (iv) petroleum, crude oil or any fraction thereof; (v) flammable, explosive or radioactive substances; (vi) pesticides; (vii) any other poisons; (viii) lead, mercury, and other heavy metals; and (ix) any other chemical, material, substance or other matter of any kind whatsoever which is defined as a hazardous or toxic material or substance, or exposure to which is prohibited, limited or regulated by any Environmental Law.

g. "Income" means gross revenues from all leases and rental agreements of all tenants occupying the Facility or any part thereof, storage rental, and payments of rentals received from concessionaires, licensees or lessees for the use or occupancy of the Facility or any part thereof, on a cash basis during any pertinent or applicable period. "Income" shall not include insurance or condemnation proceeds or the proceeds from any sale or refinancing of the Facility or any part thereof, provided however that insurance proceeds for a casualty loss, to the extent that said proceeds are for loss of rents, or expended on any item that would qualify as a repair or maintenance item pursuant to the definition of Expenditures, shall be included in Income. "Income" shall not include security deposits from tenants unless and until such deposits have been forfeited by the tenant. "Income" shall also not include any revenues derived from the charging by PARSONS of a monthly fee to the residents for the Resident Services Package.

h. "Lender" shall mean the party making a Loan or any successor thereof.

i. "Loan" shall mean any loan secured by the Facility or any part thereof.

j. "Net Operating Income" shall mean Income for any period less Expenditures for said period.

k. "Plan" shall mean the annual Plan provided for in Section 4 of this Agreement.

l. "Resident Services Package" shall be the bundle of services described in Section 4 (l).

Section 2. Term of Agreement

a. The term of this Agreement shall commence on the earlier to occur of completion of the building or September 1, 2019 and end on August 30, 2024. The parties

agree that this Agreement may be extended for two additional five (5) year terms based upon the mutual agreement of the parties.

b. Expiration or Termination of Term. Upon the expiration or termination of this Agreement, PARSONS shall vacate and relinquish control of the Facility to HACSB (or at the direction of HACSB, to a new sub-managing agent) and all of the books and records in the possession or control of PARSONS pertaining to the management and operation of the Facility together with all other property and funds of HACSB or Owner in PARSONS's possession or control, shall be promptly released and delivered to HACSB (or its designee), provided that PARSONS shall have the right at its cost and expense to retain copies of said books and records. PARSONS shall have no obligations to keep or maintain any books or records of the Facility or the operations thereof after the termination or expiration of this Agreement to the extent that such books and records have been delivered to HACSB (or its designee) as herein above provided. PARSONS shall, upon the expiration or termination of this Agreement, also deliver to HACSB (or its designee) all furniture, equipment, supplies, brochures and advertising materials owned by HACSB, or the Facility used in the operation of the Facility and a complete list of same, and all service contracts and agreements binding upon HACSB or the Facility. Said furniture shall include furniture used in the office of the Facility, but may not include furniture which may be leased from third parties. PARSONS shall, at any such termination or expiration, cooperate with HACSB or any successor managing agent in providing HACSB or any successor managing agent such information as it may reasonably require to operate the Facility and to provide for an orderly transition in the management of the Facility.

Section 3. General Duties of Parsons

The General Duties of PARSONS include but are not limited to the following:

a. Operations and Management. PARSONS shall operate and manage the Facility in accordance with the provisions set forth in this Agreement. PARSONS shall collect all Income from its operation of the Facility, obtain all necessary licenses and permits (as an Expenditure) pertaining to such operations and pay all Expenditures to the extent that Income is currently available to do so.

b. Operations and Maintenance. PARSONS shall operate and maintain the Facility commensurate with standards required for similar properties in similar high quality communities and markets (and, as to landscaping, in a healthy condition) and in accordance with (i) Government Regulations, (ii) the Section 42 Rules, (iii) the requirements of Loans, (iv) the Facility Restrictions and (v) the Plan for the applicable calendar year. This Agreement shall at all times be subject and subordinate to the Facility Restrictions. PARSONS shall, upon a determination or belief by it that any of said requirements are inconsistent, immediately give HACSB written notice of any requirements that it believes are inconsistent, which notice shall state which requirements PARSONS believes are inconsistent. To the extent that any of the obligations are inconsistent, HACSB shall make the determination of which obligation shall be complied with. PARSONS shall provide HACSB with a true copy of any notice received from any Governmental Agency of any violation of any laws, ordinances or regulations applicable to the Facility, or any notice of default received under any deed restriction or from the lender of any Loan.

c. Manuals. PARSONS shall develop and update policies and procedure manuals for the operations of the Facility (the "Facility Manual").

d. Management. PARSONS agrees to furnish the services of its organization, and to completely manage the Facility.

e. Compliance with Restrictions. CC&Rs. PARSONS agrees not to knowingly permit the use of the Facility for any purpose which might void any policy of insurance held by HACSB or which might render any loss insured there under uncollectible, or which would be in violation of any governmental restriction, deed, covenant, easement, or other agreement governing the operation of the Facility that has been delivered to PARSONS.

f. Employees. Use reasonable efforts to assure compliance with all applicable employment, wrongful discharge, anti-discrimination, occupational safety, and health and other similar laws and regulations affecting employment of Personnel, and with private employment or union contracts.

g. Governmental Actions. Each Party shall promptly provide to the other as and when received, all notices, reports or correspondence from governmental agencies that assert deficiencies or charges against the Facility or that otherwise relate to the suspension, revocation, or any other action adverse to any approval, authorization, certificate, determination, license or permit required or necessary to own or operate the Facility. HACSB may appeal any action taken by any governmental agency against the Facility, provided, however, that HACSB shall adequately secure and protect PARSONS from loss, cost, damage or expense by bond or other means reasonably satisfactory to PARSONS in order to contest by proper legal proceedings the validity of any such statute, ordinance, law, regulation or order, provided that such contest shall not result in the suspension of operations of the Facility.

h. Compliance with Official Orders. PARSONS shall take such action as may be necessary to comply promptly with any and all orders, evaluations, reports, or other requirements of any federal, state, regional, county, or municipal authority affecting the Facility or the operation thereof, and orders of the Board of Fire Underwriters or other similar bodies. PARSONS, however, shall not take any action under this Section so long as PARSONS has been informed that HACSB is contesting, or has affirmed its intention to contest any such order or requirement, unless a failure to comply promptly with any such order or requirement would expose PARSONS to civil or criminal liability or revocation or suspension of facility or other operating licenses. PARSONS shall promptly, and in no event more than seventy-two (72) hours after receipt; notify HACSB in writing of all such orders, notices, evaluations, reports or other requirements. PARSONS immediately shall deliver to HACSB copies of all notices received by PARSONS or received at the Facility from any trustee, mortgagee, or ground landlord relating or pertaining to the Facility.

i. Licenses and Permits. PARSONS shall apply for and use its best efforts to obtain and maintain in the name and at the expense of the Owner, all licenses and permits required in connection with the management and operation of the Facility. HACSB agrees to cooperate with PARSONS in applying for, obtaining and maintaining such licenses and permits.

j. Compliance with Laws and Regulations. PARSONS shall comply at all times with all federal, state and local laws and regulations. PARSONS will ensure that the Facility is operated within the parameters mandated by the tax credit compliance authorities.

k. Resident Services Package. PARSONS will be responsible for offering and managing a monthly service package which shall consist of housekeeping services (twice monthly) and a meal plan (three meals daily).

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Section 4. Specific Duties of Parsons

a. Annual Plans. After PARSONS furnishes the Plan, PARSONS shall at least sixty (60) days prior to the end of each calendar year thereafter prepare a comprehensive management plan for the maintenance, utilization and economic operation of the Facility for the next calendar year. Any policies or actions recommended in the plan are subject to the prior written approval of HACSB. HACSB shall have 30 days from receipt of said Plan to either approve the Plan or reject it with reasonable comments. The plan for each respective calendar year which has been approved by the HACSB is herein referred to as the Plan.

b. PARSONS as Exclusive Leasing Agent. Subject to HACSB's rights under the Master Lease between HACSB and 251 South Hope Associates, LP, PARSONS shall, during the term of this Agreement, act as HACSB's exclusive agent in leasing the Facility.

c. Leasing. PARSONS shall use all reasonable efforts to keep the Facility leased by procuring tenants for the Facility and negotiating and executing on behalf of HACSB all leases for apartment units in the Facility. All leases and related forms used by PARSONS shall include the appropriate PARSONS address for service and process. PARSONS is authorized to enter into only those leases and rental agreements or extensions or renewals thereof meeting all of the following requirements: (i) the lease form shall have been approved by HACSB in writing; (ii) the rent, deposits and all other economic terms of the lease shall conform to the requirements of the Plan; (iii) the tenant shall meet the requirements of the Section 42 Rules; and (iv) the Facility Restrictions. A true and complete original of each lease executed by PARSONS shall be kept in the Facility's office, together with such financial information on the tenant's household that establishes his or her income eligibility for the Facility, and said information shall be made available to HACSB upon request. In the event required by HACSB or any Lender or prospective Lender, PARSONS shall use its best effort to deliver to HACSB, within seven (7) days after a written request therefore an estoppel certificate, in form and substance satisfactory to HACSB, from each tenant as HACSB shall specify. As to any such estoppel certificate requested which PARSONS is unable to deliver to HACSB, PARSONS shall provide HACSB, at the end of such seven (7) day period, with its own certification indicating the efforts undertaken to obtain the certificate, any reasons given by the third party for failing or refusing to provide the same, and PARSONS's good faith belief as to what the third party would have certified had it provided a truthful estoppel certificate, including any claims or defenses of the Tenant as to which PARSONS has knowledge, all certified under penalty of perjury by the officer of PARSONS signing the same.

d. Qualifications of Tenants. PARSONS shall not decline to lease any apartment unit in the Facility to any otherwise qualified prospective tenant selected in

accordance with HACSB's occupancy preference policy on the basis of the tenant's race, color, creed, national origin, sex, religion, sexual preference or any other classification then protected by law. Prior to executing any lease with a tenant, PARSONS shall investigate the financial ability and history of the tenant to pay rent and to comply with the Section 42 Rules, satisfy the requirements of Section 42 with respect to the investigation of prospective tenants to qualify as very low income tenants as required by the Section 42 Rules, perform necessary credit checks, and obtain references from appropriate parties and prior landlords, to the extent deemed necessary by PARSONS to protect Owner and the Facility against financial loss and to protect the physical condition of the Facility. All reasonable expenditures incurred by PARSONS for duties described in this Paragraph shall be Expenditures.

e. On Site Management Staff. PARSONS may use up to one of the designated apartment units in the Facility for on-site management and staff personnel.

f. Advertising. PARSONS agrees to promote leasing by reasonable use of available advertising media, and community outreach and in accordance with the Plan as said Plan may be revised with the approval of HACSB.

g. Authority and Duty to Enforce Leases. PARSONS is authorized to serve notices to vacate on tenants and to institute any action or proceeding it deems necessary to: recover possession of leased premises; or to recover rent, charges, or other sums payable by the tenant. PARSONS may compromise and settle or otherwise discontinue any such action or proceeding provided PARSONS first obtain HACSB's prior approval. In exercising the authority granted by this Paragraph, PARSONS may incur collection fees, costs and legal fees up to \$5,000 per action or as otherwise agreed in writing by HACSB and PARSONS. Any such reasonable fees or costs shall be Expenditures.

h. Security Deposits.

(1) PARSONS shall collect a security deposit from each tenant in an amount equal to the maximum then authorized by HACSB. If no maximum is established by HACSB, the deposit shall be equal to one month's rent unless otherwise agreed to in writing by HACSB. PARSONS shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, a trust account (the "Security Deposits Account") that balances to the security deposit liability.

(2) PARSONS shall collect and disburse each security deposit in accordance with the requirements of the governing lease and then-applicable law.

i. Collection of Rents and Other Receipts. PARSONS shall collect all rents, charges and other amounts receivable on HACSB's account in connection with the management and operation of the Facility. PARSONS shall establish and maintain, in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, an account in the name of HACSB (the "Cash Income Bank Account") for the deposit of all amounts collected from the Facility in accordance with provisions of Section 6a hereof.

j. Replacement Reserves. PARSONS shall establish and maintain in a bank whose deposits are insured by the Federal Deposit Insurance Corporation, an account

in the name of Owner (the "Replacement Reserve Account") for the monthly deposit of replacement reserve expense as set forth in the Plan and agreed upon by HACSB. This shall be an Expenditure. Any and all requests for use of replacement reserves by PARSONS shall be submitted to HACSB in writing for prior approval.

- k. Tenant Problems. PARSONS shall receive, consider and promptly respond to all tenant complaints or problems in a professional and businesslike manner consistent with PARSONS authority and duties as described in this Agreement.

- l. Resident Services Package. PARSONS is required to provide a monthly resident services package offered to all residents at a cost borne by PARSONS. As part of the resident services package, PARSONS will perform housekeeping services twice monthly, serve three homemade meals each day in the common area dining facility, and provide cable television, internet and telephone service to each residential unit. PARSONS is permitted to directly charge each participating resident an appropriate fee for this service package, the pricing of which will be subject to the approval of HACSB. Given that the residents at the property will all be lower income seniors, it is HACSB's strong preference that the monthly fee charged to residents for the service package will be as low as possible (preferably just enough to cover costs). The income from the resident services package shall not be reflected in the Income for the property and the expenses (including all payroll-related expenses) for the resident services package will not be included in Expenditures. However, PARSONS shall maintain a separate cash account to track income and expenses for the Resident Services Package and such separate income and expense statement will be submitted to HACSB on a monthly basis along with the other financial reporting required pursuant Section 7 (b) of this Agreement.

- m. 24-Hour Staffing and Emergency Monitoring System. PARSONS will provide adequate staffing, including 24-hour staffing to oversee the emergency monitoring system required for this project. The emergency monitoring system will be installed in each apartment unit and in appropriate common areas as a feature of the project's telephone system. Adequate staffing may be defined as personnel available to respond to emergencies 24-hours day, 7 days a week.

Section 5. Maintenance and Operation of Facility

a. Personnel. PARSONS shall investigate, hire, pay, promote, supervise, and discharge (as necessary) full-time and part-time on-site personnel necessary for the efficient and economical operation and maintenance of the Facility in accordance with the Facility Restrictions. All Personnel shall be employees of PARSONS or PARSONS'SPARSONS' affiliate, or independent contractors, or leased employees, and all costs and expenses associated with said Personnel shall be paid as an expense of the operation of the Facility. Throughout the term of this Agreement, PARSONS shall furnish a fidelity bond with a minimum principal amount equivalent to two months operating receipts to protect HACSB against misapplication of funds by PARSONS and PARSONS'SPARSONS' employees. Employees of PARSONS who handle or

are responsible for monies of Owner shall be bonded by PARSONS. PARSONS shall exercise reasonable care in the selection of competent, diligent and honest Personnel.

b. Maintenance. PARSONS shall take all reasonably appropriate steps to ensure that the Facility (including interior and exterior walls) is maintained in good condition and in a good state of repair in accordance with the Facility Restrictions and shall make such expenditures for capital improvements as HACSB, in the exercise of its reasonable judgment deems required to operate and maintain the Facility in good condition. To this end, PARSONS shall:

(1) Supervise the performance of the following, subject to any limitations imposed by HACSB: all interior and exterior cleaning, painting, decorating, and carpentry; the maintenance and repair of plumbing, heating, and ventilation systems, and elevators; the maintenance of outdoor grounds and facilities; and any other normal maintenance and repair work that becomes necessary.

(2) Systematically and promptly receive and investigate all service requests from tenants, take any necessary action, and keep records of the action taken. Emergency requests shall be received and serviced on a 24-hour basis. Complaints of a serious nature (i.e. matters affecting life safety for property occupants and/or in excess of \$1,500 in repair costs) shall be reported to HACSB after investigation by PARSONS.

(3) Purchase materials, supplies, equipment, tools, appliances and services that are necessary for the operation and maintenance of the Facility as well as for compliance with the Plan.

(4) Contract with independent contractors, in consultation with HACSB, for the maintenance and repair of air conditioning and heating systems, elevators, and other items requiring special maintenance and repair skills not usually possessed by regular maintenance employees.

Notwithstanding any of the provisions of this Subsection b, a maintenance or repair outlay costing in excess of \$1,500 shall require the prior approval of HACSB unless said expenditure is provided for in the Plan. This limitation shall not apply to recurring expenses within the limits of an operating budget provided for in the Plan, to emergency repairs involving imminent danger to persons or property, or to expenditures required to avoid suspension of any necessary service to the Facility. In any of these events, however, PARSONS shall notify HACSB of all relevant facts, voicemail or email is deemed sufficient, as soon as possible after the occurrence of the event giving rise to the expenditure.

c. Supplies. PARSONS shall provide all supplies and miscellaneous equipment used or consumed in the operation of the Facility. The cost of said supplies and miscellaneous equipment (without any markup or profit to PARSONS) shall be an Expenditure. Any service or supply contracts for the Facility made by PARSONS with an affiliate or subsidiary of PARSONS shall be on commercially reasonable terms for similar Facilities by unrelated parties or otherwise approved in writing by HACSB.

d. Business License Taxes. PARSONS shall, at least five (5) days before the same becomes delinquent, pay any business license taxes imposed in connection with the operation of the Facility.

e. Taxes. PARSONS shall cause all taxes, assessments, withholdings, payroll taxes and charges of every kind imposed upon the Facility by any governmental authority, including interest and penalties thereon, to be paid when due from the Operating Account. PARSONS shall be liable for interest and penalties assessed due to late payments when there is sufficient cash in the Operating Account to have paid the assessments on a timely basis. PARSONS shall deliver to HACSB a copy of any assessment, tax notice or tax bill received by PARSONS and shall pay the same as and when due; provided, PARSONS shall not cause such payment to be made if (a) same is in good faith being contested by Owner and/or HACSB at its sole expense and without cost to PARSONS, (b) enforcement thereof is stayed, and (c) HACSB shall have given PARSONS written notice of such contest and stay and authorized the non-payment thereof, not less than ten (10) days prior to the date on which such tax assessment, or charge is due and payable.

f. Services and Utilities. PARSONS shall contract for all services and utilities necessary for the efficient operation and maintenance of the Facility, including water, electricity, gas, telephone, pest extermination, and rubbish hauling. PARSONS shall not enter into any contract that has a term in excess of the shorter of: (i) five (5) years; or (ii) the remaining term of this Agreement, and otherwise complies with the Plan without first obtaining the prior written consent of HACSB.

Section 6. Collection of Income, Security Deposits, and Payment of Expenditures

a. Collection of Income and Security Deposits. PARSONS shall collect the Income for the Facility and shall deposit all such Income in the Cash Income Bank Account established and maintained by PARSONS in the name of HACSB. All collected funds shall be deposited in the Cash Income Bank Account or Security Deposits Account, as the case may be, no later than the first banking day following their receipt. PARSONS shall only have the right to disburse funds from the account for security deposits to return security deposits due to tenants or, upon the forfeiture of said security deposits, to disburse the amount of any forfeited security deposits into the Cash Income Bank Account. Funds in the Cash Income Bank Account and the Replacement Reserve Account may only be disbursed by HACSB. All funds in the Cash Income Bank account, the account for tenant security deposits, and the account for replacement reserves shall be the property of HACSB and shall not be commingled with funds of PARSONS and shall, if not sooner delivered to HACSB according to the terms of this Agreement, be delivered to HACSB upon the expiration or termination of this Agreement. Any and all interest earned on the aforementioned bank accounts shall be deposited and added to the Cash Income Bank Account.

b. Payment of Expenditures. HACSB shall, upon receiving and approving a request from PARSONS, transfer from the Cash Income Account or Replacement Reserve Account, as appropriate, sufficient funds to cover current expenditures to payroll and vendor payable accounts maintained and controlled by PARSONS for the Facility. PARSONS shall pay all items included in the definition of "Expenditures" prior to delinquency to the extent that cash is currently available to do so.

c. Shortfall of Income. To the extent that Income for the Facility for any period during the term of this Agreement is insufficient to pay Expenditures for such period as they become due for the Facility, PARSONS shall have no obligation to pay such Expenditures from its own funds; however, PARSONS agrees to immediately notify HACSB of such insufficiency.

d. Notification of Bank Accounts. Upon the opening of any and all "Facility" bank accounts, at HACSB approved institutions only, PARSONS shall promptly notify HACSB in writing, for each such account, the name of the bank, the branch, address and telephone number of the bank, the account number and the name given to the account, together with a true copy of the signature card for such account and confirmation that funds deposited in such bank and for such account are fully insured by the Federal Deposit Insurance Corporation. For each separate bank account, PARSONS shall within reasonable time after the receipt of the same furnish HACSB with monthly statements regularly prepared by the bank of all deposits and withdrawals to and from such account and the beginning and ending balances for the monthly reporting period. PARSONS agrees to use reasonable efforts to assure that the amounts in any Facility accounts controlled by PARSONS shall not exceed the maximum amount insured by the FDIC.

e. Accounts Payable System. PARSONS shall organize and maintain a system of controls designed to insure the authenticity of bills, invoices and statements charged and paid.

f. Disbursements from Bank Accounts: Any disbursements in excess of \$1,500 from bank accounts maintained by PARSONS shall be authorized, in writing, by one of the following employees of HACSB: the Executive Director/CEO, Finance Director, or Deputy Executive Director/Chief Operating Officer.

Section 7. Accounting Records and Reports

a. Books and Records. PARSONS agrees to keep accurate, complete and separate books and records of accounts in accordance with accepted accounting standards and procedures. Said standards and procedures must be approved by HACSB and be done on the basis of a calendar year. These books and records shall show all Income and Expenditures, accounts payable, accounts receivable, available cash and other assets and liabilities pertaining to the Facility. HACSB may, at any time during PARSONS's normal business hours and either in person or through a representative, inspect all records and supporting and related documentation kept by PARSONS relating to the management and operation of the Facility, including checks, bills, vouchers, statements, cash receipts, and correspondence. HACSB or Owner may, as an Expenditure, have audits made from time to time, in HACSB's sole discretion, of all account books and records connected with the management of the Facility.

b. Income and Expense Reports. On or before the tenth (10) day of each month, PARSONS shall prepare and submit to HACSB an income and expense report in a form reasonably acceptable to HACSB and Owner that shows a summary of all Income collected and all Expenditures for the prior month. The monthly income and expense report shall separately set forth data for both the current month and the year to date (including the current month)

the variance, if any, from the Plan for such calendar year and an updated projected cash flow statement through the end of the current calendar year and the variance, if any, from the Plan for such calendar year. PARSONS upon the written request of HACSB, shall deliver to HACSB all bills paid by PARSONS for the preceding month. Simultaneously with delivery of the monthly income and expense report, PARSONS shall also deliver to HACSB a rent roll and check register in forms reasonably created by PARSONS and acceptable to HACSB.

c. Delinquency and Vacancy Reports. On or before the tenth (10) day of each month, PARSONS shall prepare and submit to HACSB a tenant delinquency report and vacancy report for the Facility.

d. Annual Financial Report. For each calendar year ending during the term of this Agreement, PARSONS shall cause an annual financial report to be prepared in a form reasonably acceptable to HACSB. The report shall be submitted to HACSB within thirty (30) days after the end of the calendar year.

e. Filing of Tax and Other Returns and Reports.

(1) PARSONS shall cause to be prepared and filed all returns and other documents required under the Federal Insurance Contributions Act (FICA) and the Federal Unemployment Tax Act, or any similar federal or state legislation, and all withholding tax returns required for its employees. PARSONS will pay for its payroll account for the Facility all amounts required to be paid under the Federal Unemployment Tax Act, or any similar federal or state legislation, and all withholding taxes. PARSONS shall also prepare and file the following on behalf of HACSB:

- (a) All payroll forms and reports concerning PARSONS's employees;
- (b) Worker's compensation forms;
- (c) Business tax forms;
- (d) Health and welfare forms connected with labor union employees, if any.

(2) Property Manager shall be responsible for preparing its own income tax return. Notwithstanding the foregoing, PARSONS agrees to use its best efforts to ensure that the records and reports on the Facility furnished to HACSB under this Agreement shall set forth all required data as to operating expenses and income and shall be otherwise sufficient for the preparation of Property Manager's income tax return and Owner's Audited Financial Statements.

f. Additional Reports. PARSONS shall also prepare and furnish such additional reports as may be reasonably required by any Lender, Owner's auditor or any party having a right thereto under the Facility Restrictions, provided however that if any such reports are more than those customarily required of a similar property by PARSONS, then PARSONS shall have no obligation to deliver such reports until PARSONS and HACSB have agreed upon an amount to be paid to PARSONS to prepare such reports.

Section 8. Insurance Coverage

a. Obtaining Insurance. At all times during the term of this Agreement, unless indicated otherwise on Exhibit C for HACSB to obtain insurance, PARSONS shall procure and maintain insurance against the hazards provided and as set forth for in Exhibit C hereof, and in the amounts provided for in Exhibit C hereof, and certificates of all policies evidencing such insurance shall be delivered to HACSB; all policies of insurance provided for herein shall name: (i) the HACSB; (ii) PARSONS; (iii) all Lenders; (iv) Owner and (v) Owner's investor, as insured's ~~there under~~thereunder as their respective interests may appear; all such policies or contracts of insurance shall be issued by insurance carriers which are acceptable to HACSB and a detailed description of the insurance requirements is attached as Exhibit C or as otherwise required by all Lenders and Owner's investor. The premiums for said insurance shall be subject to HACSB's prior written approval unless the premiums are not more than provided for in the Plan. HACSB may require PARSONS to obtain up to three (3) separate bids from three (3) separate insurance companies for any such insurance. ~~The parties set forth in Subsections (ii) through (iv), inclusive, of this Subsection are herein collectively referred to as "Additional Insured's".~~

b. Policy Requirements. ~~Each of the foregoing~~All policies listed on Exhibit C shall contain (i) the agreement of the insurer to give HACSB and Additional Insured's at least thirty (30) days' notice prior to cancellation of or material change in said policies or any of them, and (ii) waiver of subrogation rights against HACSB and any Additional Insured's. PARSONS (or HACSB as the case may be) shall, upon request, provide HACSB (or PARSONS as the case may be) with written evidence of all of the above named policies of insurance and renewals thereof. The premiums for each of the foregoing policies shall be an Expenditure, as well as any deductibles paid under such insurance to the extent the payment is for any item otherwise not excluded from the definition of an Expenditure hereunder.

c. Investigation of Damage, Destruction or Accidents. PARSONS shall promptly investigate and make a full written report of all damage or destruction to the Facility in excess of \$5,000 and all accidents or claims for damages relating to the ownership, management, operation or maintenance of the Facility. The report shall include the estimated cost of repair, if applicable. PARSONS shall also cooperate with and make any reports or satisfy any other requirements of the insurance policy or policies covering a loss or claim.

d. Casualty. If, during the term hereof, the Facility is damaged or destroyed, in whole or in part, by fire, casualty or other cause, Owner, at its option, may repair or replace the damaged or destroyed portion of the Facility. All casualty insurance proceeds or recoveries for damage or destruction of the Facility shall be payable to, and are hereby assigned to HACSB and shall be paid directly to HACSB.

e. Tail Insurance Coverage. To the extent any insurance policies listed on Exhibit C or otherwise required under this Agreement are on a "claims made" (as opposed to "occurrence") basis, PARSONS shall obtain tail insurance coverage for losses arising prior to any termination of this Agreement ("Tail Insurance"), including for general and professional liability, automobile liability, tenant discrimination, umbrella policy, and worker's compensation and employment practices liability. To the extent commercially available, such tail coverage will name

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as insureds, PARSONS, HACSB, and the Additional Insureds. This Tail Insurance shall be for a commercially reasonable period at least as long as the applicable statute of limitations governing potential claims under each of the claims made policies. The cost of premiums and any deductibles for such Tail Insurance shall be treated as an Expenditure or otherwise as the responsibility of HACSB. The obligations under this Tail Insurance provision shall survive any termination of this Agreement.

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Section 9. Consent to Alterations

No structural alterations, additions or improvements in the amount above \$1,500 of any character shall be made in or to the Facility by PARSONS except as consented to in writing by HACSB in advance of the making thereof. Any such structural alterations, additions or improvements shall be the property of the HACSB and shall remain as a part of the Facility upon the expiration or termination of this Agreement.

Section 10. Compensation

a. Management Fee. PARSONS shall be entitled to a Management Fee equal to that set forth in Exhibit B hereof. This shall be an Expenditure. The Management Fee shall be due and payable monthly to PARSONS, commencing at the end of the first full calendar month of the term hereof. The Management Fee shall include compensation for the administrative and overhead expenses of PARSONS for the Facility, but not the payroll and payroll expenses for on-site management and staff personnel which shall be an Expenditure.

b. Management Fee as Total Compensation. Except as provided in Subsection b of this Section 10, PARSONS's compensation (as described in Subsection a of this Section 10) is to be paid in consideration of all services to be rendered pursuant to the terms of this Agreement by PARSONS and all of PARSONS's employees, except on-premises employees and workers. PARSONS's managerial expenses shall not be reimbursed by HACSB and shall not be an Expenditure unless provided for in a budget which has been approved in writing by HACSB. PARSONS's office overhead expenses, including but not limited to accounting, information technology, marketing, maintenance supervision and tax credit compliance services whether or not allocable to services rendered in the management of the Facility, are to be treated as services and expenses incurred in consideration of the managerial compensation provided for in Subsection a of this Section 10. All rebates, discounts, or commissions collected by PARSONS or credited to PARSONS's use that relate to the purchasing of supplies, or to the rendering of services for the Facility, shall be credited to Owner's account. For the purposes of this Section, all rebates, discounts or commissions relating solely to managerial overhead expenses need not be disclosed to HACSB and need not be allocated in part to Owner's account.

Section 11. Legal and Accounting Services

PARSONS shall refer any matter requiring legal or accounting expertise to the appropriate professional designated by HACSB. Fees and costs for services rendered by these professionals shall be an Expenditure.

Section 12. Termination of Management Agreement

a. Owner's Sale Transfer or Lease. HACSB shall notify PARSONS at least thirty (30) days before an anticipated transfer of title to the Facility. On transfer of title to the Facility, this Agreement may, at HACSB's sole option, be terminated.

b. Right to Terminate on PARSONS's Default. If PARSONS is in default under the terms of this Agreement as provided in Section 15 hereof, HACSB shall have the right to terminate this Agreement by giving PARSONS written notice. The Agreement shall terminate on the date specified in the notice of termination.

c. General Termination. Either party shall have the right to terminate this Agreement without cause upon 60 days' notice to the other party mailed or delivered to the address set forth on the signature page of this Agreement. In addition, this Agreement will terminate if (1) the HACSB Management Agreement with the Owner is terminated or (2) if this Agreement may otherwise be terminated in accordance with the terms of the Owner's Partnership Agreement

d. Effect of Termination. On termination of this Agreement, PARSONS and HACSB agree as follows:

- (1) The provisions of Section 2.b. hereof shall apply;
- (2) PARSONS's right to compensation shall immediately cease, except that PARSONS is entitled to compensation for services rendered or incurred before the termination date, provided that HACSB shall have the right to set off against any such compensation any damages incurred by reason of and default by PARSONS which was the cause of the termination; and
- (3) The agency relationship created under this Agreement shall immediately cease, and PARSONS shall have no further right or authority to act for or on behalf of HACSB or Owner; and
- (4) PARSONS and HACSB, further agree, that any such termination shall occur in orderly fashion and that all reasonable accommodations to both parties shall occur so as to minimize the financial and business impacts that such termination may involve.

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Section 14. ~~Indemnifications~~Indemnification.

~~a. — PARSONS shall, at all times, indemnify, defend, and hold harmless HACSB and Owner, its officers, directors, and members from and against any and all claims, losses, liabilities, actions, proceedings and expenses (including reasonable attorneys' fees) arising out of or in connection with PARSONS's negligence or willful acts in connection with PARSONS's obligations under this Agreement, including any financial impact on HACSB and~~

~~Owner due to tax credit compliance errors caused by PARSONS. The provisions of this paragraph shall survive the termination or expiration of this Agreement.~~

~~b. HACSBS shall, at all times, indemnify, defend, and hold harmless PARSONS, its officers, directors, and members from and against any and all claims, losses, liabilities, actions, proceedings and expenses (including reasonable attorneys' fees) arising out of or in connection with any negligence or willful acts in connection with HACSBS and Owner's obligations under this Agreement. The provisions of this paragraph shall survive the termination or expiration of this Agreement.~~

a. e. Except as otherwise expressly provided in this Agreement and except for claims solely and directly based on the gross negligence or intentional misconduct of PARSONS or PARSONS's employees, HACSBS shall indemnify, defend with counsel reasonably acceptable to PARSONS, and hold PARSONS and PARSONS' employees, directors, officers, agents, and shareholders, free and harmless from and against all loss, damage, cost, expense, attorney's fees, suits, liabilities, claims, damages, fines, penalties, and other charges or claims, including class action or mass tort claims ("claims") arising out of or relating to the management, rental or operation of the Facility or the performance by PARSONS or its employees of any of the duties, powers, and responsibilities assigned to PARSONS under this Agreement ("claims"). Without limiting the generality of the foregoing, the indemnification obligations under this Section are intended to include application to claims arising out of or relating to: (a) any injury or death to any person, or damage to any real or personal property of any person incurred in, on, or about the Facility, or incurred in connection with the use or operation of any vehicles owned by HACSBS or serving the Facility, (b) present or future violation or alleged violation of laws, ordinances, statutes, or regulations relating to the Facility and/or equipment on the Facility; (c) any alleged breach of the California Fair Employment and Housing Act or other state or federal law prohibiting discrimination in housing based on race, sex, creed, color, religion, national origin, mental or physical disability, or other protected characteristics, (d) any alleged breach of state or federal statutes governing credit reporting activity, (e) any rent control ordinance or statute applicable to the Facility, (f) any environmental protection statute or common law obligation, (g) the management, leasing, rental, security deposits or operation of the Facility by PARSONS, (h) all services provided to residents under any agreement between PARSONS and any residents of the Facility, (i) any proceeding involving alleged violations by PARSONS or HACSBS, or both, of any constitutional provision, statute, ordinance, law or regulation of any government body pertaining to habitability, or fair housing, discrimination in the sale, rental, or other disposition of housing or any services rendered in connection therewith, (j) the performance or exercise in good faith of any of the duties, powers or authorities granted to PARSONS under this Agreement, and (k) alleged violations of Section 42 rules, including the financial ability and history of any tenant to pay rent and to comply with the Section 42 Rules, satisfy the requirements of Section 42 with respect to the investigation of prospective tenants to qualify as very low income tenants as required by the Section 42 Rules. The obligations under this Section 14 shall survive any termination of this Agreement.

b. PARSONS shall not be liable to HACSBS by reason of any error of judgment or mistake of law or fact or any act or omission, except in cases of willful misconduct or gross negligence.

c. Certain Operational Policies. PARSONS shall endeavor at all times to operate the Facility in a manner that is consistent with and which reflects the values of HACSBS as adopted or enunciated by its board of directors consistent with the approved policies and procedures of PARSONS.

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Section 15. Default and Remedies

a. Default. An Event of Default shall occur under this Agreement if any of the following shall take place:

- (1) failure to comply with, perform or observe any of the obligations or covenants made by PARSONS in this Agreement;
- (2) a material default by PARSONS under any other agreement between PARSONS and HACSB or any other affiliate of HACSB;
- (3) any Governmental Authority takes or institutes action which in the reasonable opinion of HACSB, will materially and adversely affect PARSONS's condition, operations, or ability to comply with the terms of this Agreement;
- (4) the bankruptcy or insolvency or material adverse change in the assets, liabilities or financial position of PARSONS;
- (5) if any Governmental Authority, or any court at the instance thereof, shall assume control over the affairs or operations of, or a receiver or trustee shall be appointed over or of any substantial part of, or a writ or order of attachment or garnishment shall be issued or made against any substantial part of the property of PARSONS and the same is not dismissed within sixty (60) days after such event or within such shorter period as HACSB may determine, in its reasonable judgment, may threaten the availability of the Tax Credits;
- (6) if PARSONS shall admit in writing its inability to pay its debts when due, or shall make an assignment for the benefit of creditors; or PARSONS shall apply for consent to the appointment of any receiver, trustee or similar officer for PARSONS or for all or any substantial part of its property; or PARSONS shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debts, dissolution, liquidation, or similar proceedings relating to PARSONS or under the laws of any jurisdiction;
- (7) if PARSONS shall transfer, pledge, hypothecate or encumber any interest in this Agreement without the prior written approval of HACSB provided PARSONS shall have the right to pledge, hypothecate or encumber its right to receive the compensation provided for in Section 10 thereof;

b. Cure Period. Upon the occurrence of an Event of Default, HACSB shall, prior to taking any remedial action, except in case of an emergency, serve notice of the same upon PARSONS. Upon receipt of such notice from HACSB, PARSONS shall have seven (7) additional business days to cause such Event of Default to be eliminated.

c. Notice Period. All notice and time periods provided herein shall run concurrently with, and shall not be in addition to, any notice or cure periods provided by applicable law.

d. Remedies. If PARSONS shall have failed to eliminate an Event of Default within the time provided in Subsection b hereof, HACSB shall have the right, at its option to be exercised in its sole discretion, whether before, during or after commencing judicial proceedings to exercise any or any combination of the following remedies:

(1) Commence and pursue a direct cause of action against PARSONS for the full extent of PARSONS's liability under this Agreement, seeking recovery for all liabilities, losses, damages and expenses, including, but not limited to, attorneys' fees and other legal expenses, sustained or incurred by HACSB by reason of such breach;

(2) Pursue any other right or remedy available to HACSB, at law or in equity, with respect to PARSONS.

It is understood that in the event of any Event of Default, the economic impact of the loss of the Tax Credits proximately ~~caused~~ caused by such event of default shall be taken into account as factor in determining HACSB's damages caused by the Event of Default. All of the remedies set forth herein, or at law or in equity, shall be equally available to HACSB, and the choice by HACSB of one such alternative over another shall not be subject to question or challenge by PARSONS or any other person, nor shall any such choice be asserted as a defense, set off or failure to mitigate damages in any action, proceeding or counteraction by HACSB to recover or pursue any other remedy under this Agreement, nor shall such choice preclude HACSB from subsequently electing to exercise a different remedy. The parties have agreed to the alternative remedies hereinabove specified in part because they recognize that the choice of remedies in the event of a breach (exercised in good faith), which the passage of time and events may or may not prove to have been the best choice to maximize recovery by HACSB. It is the intention of the parties that such choice by HACSB be given conclusive effect regardless of such subsequent developments. Notwithstanding anything contained in this Agreement either to the contrary or which may be construed to the contrary, nothing herein shall be construed as a waiver or to waive any defense of or by PARSONS (or those covered by the enforcement and corresponding damages relative to this Agreement). Further, in the event such action or proceeding is brought for the interpretation or enforcement of any portion of this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees and court costs in connection therewith.

Section 16. Miscellaneous

a. Independent Contractor. It is understood that in operating and managing the Facility, PARSONS is an independent contractor and is not acting as employee, partner, joint venture, or lessee and nothing herein shall be construed as reserving to HACSB the right to control PARSONS's business or operations or the manner in which the same shall be conducted.

b. Counterparts. This Agreement may be executed in any number of counterparts which together shall constitute the contract of the parties.

c. Notices. All notices shall be in writing and shall be deemed to have been properly given on the earlier of (a) when delivered in person, (b) three (3) days after the date deposited in the United States Mail, with adequate postage, and sent by registered or certified mail with return receipt requested, to the appropriate party at the address set out below, or (c) when deposited with Federal Express, Express Mail or other overnight delivery service for next day delivery, addressed to the appropriate party at the address set out below, or (d) via email transmission delivery and read receipt requested with return confirmation.

Owner

251 South Hope Associates, L.P.
808 Laguna Street
Santa Barbara, CA 93101

Property Manager

Housing Authority of the City of Santa Barbara (HACSB)
808 Laguna Street
Santa Barbara, CA 93101
Attn: Executive Director/CEO

Onsite Manager

The Gardens on Hope
251 South Hope Ave.
Santa Barbara, CA 93105
Attn: Site Manager

Sub-Property

Manager

The Parsons Family Management, LLC Group, Inc.
1 North Calle Cesar Chavez, Suite 200
Santa Barbara, California 93103
Attn: President

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Rejection or other refusal by the addressee to accept, or the ~~in-ability~~ inability of the courier service or the United States Postal Service to deliver because of a changed address of which no notice was given, shall be deemed to be receipt of the notice sent. Any party shall have the right, from time to time, to change the address to which notices to it shall be sent by giving to the other party or parties at least ten (10) days prior notice of the changed address.

d. Incorporation of Preamble, Recital and Exhibit. The preamble, recitals and exhibits hereto are hereby incorporated into this Agreement and made a part hereof.

e. Titles and Headings. The titles and headings of sections of this Agreement are intended for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

f. Changes, Waivers, Discharge and Modifications in Writing. No provision of this Agreement may be changed, waived, discharged or terminated except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. The waiver by either party of a default or breach hereunder shall not be construed as a waiver of any ~~after~~ other default or breach hereunder by such party.

g. Time is of the Essence. Time is of the essence of this Agreement.

h. Attorney's Fees. In the event of any action or proceeding by any party hereto for breach or to enforce the provisions of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover reasonable attorneys' fees and costs as the court may determine. For the purpose of this Agreement, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto (including, without limitation, in-house counsel employed by HACSB or PARSONS), which may include printing, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceeding, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

i. Entire Agreement. This Agreement constitutes the entire agreement and understanding of HACSB and PARSONS with respect to the matters set forth herein and therein. No representation, warranty, covenant, promise, understanding or condition shall be enforceable against any party unless it is contained in this Agreement.

j. Severability. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of any other provision.

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k. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

l. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted respective successors and assigns, provided, however, that PARSONS shall not have the right to assign its rights or obligations hereunder without the prior written approval of HACSB. PARSONS shall, with consent of the HACSB, which consent may be withheld in the sole discretion of HACSB, have the right to assign or subcontract its obligations hereunder, provided PARSONS shall not be released from liability hereunder without the written consent of HACSB. HACSB shall have the right to assign its rights under this Agreement without the approval of PARSONS.

m. No Discrimination. There shall be no discrimination against or segregation of any persons or group of persons on account of race, color, creed, religion, sex, marital status, ancestry, or national origin in the sale, lease, transfer, use, occupancy, tenure, or enjoyment of land, nor shall the transferee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub lessees, or vendees of land.

n. Further Assurances. PARSONS shall execute and deliver from time to time, promptly after any request therefore by HACSB, any and all instruments, agreements and documents and shall take such other action as may be necessary or desirable in the opinion of HACSB to carry out the terms of this Agreement, all as HACSB shall reasonably require.

o. Litigation. PARSONS shall give HACSB prompt written notice of any action or proceeding commenced or threatened against HACSB or Owner, or the Facility and will deliver to HACSB copies of all notices, and other information regarding such proceeding or action promptly upon receipt or transmittal thereof.

p. License Requirements. PARSONS represents and warrants to HACSB that it has all of the necessary licenses as are legally required to carry out its obligations under the terms of this Agreement and that it shall, at its sole cost and expense, maintain all of such licenses in good standing throughout the term of this Agreement.

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_____ IN WITNESS WHEREOF, the parties hereto have executed this Management Agreement
as of this 19th day of ~~July, 2018~~ May, 2020

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~~THE PARSONS FAMILY MANAGEMENT, LLC~~ GROUP, INC. HOUSING
AUTHORITY OF THE
CITY OF SANTA BARBARA,

By: _____
JANELLE PARSONS
President

By: _____
ROB FREDERICKS
Executive Director/CEO

Address:
1 N. Calle Cesar Chavez, Ste. 200
Santa Barbara, CA 93103

Address:
808 Laguna St.
Santa Barbara, CA 93101

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EXHIBIT A

Management Agreement between HACSB, as Property Manager,
and 251 South Hope Associates, L.P., as Owner

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EXHIBIT B

Management Fee Schedule

One-time mobilization fee: \$20,000. This is a fee to establish services prior to revenue being collected (e.g. hiring, training, kitchen/dining room set-up, vendor set-up, etc.)

Management fee: Flat fee of \$7,000 per month. Annual increases, if any, are to be negotiated between the parties based on industry standards and HACSB's ability to pay.

Resident Services Package: Pursuant to section 4(l) of this Agreement, PARSONS shall directly charge residents for the Resident Services Package at a cost to be approved by HACSB. All costs associated with the Resident Services Package will be covered by PARSONS using this revenue.

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Earthquake Insurance

Not required.

Flood Insurance

Not required.

These insurance requirements are subject to change over time, based on HACSB's new policy requirements or the requirements of any investor and/or lender.

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