

ADMINISTRATION AND OVERSIGHT AGREEMENT

by and among

INDEPENDENT CITIES FINANCE AUTHORITY

and

WOLF & COMPANY INC.,
as Oversight Agent

and

MILLENNIUM HOUSING OF CALIFORNIA,
as Borrower

Dated as of December 1, 2017

Relating to:

\$ _____

Independent Cities Finance Authority
Mobile Home Park Revenue Refunding Bonds
(Westlake and Millbrook Mobilehome Parks)
Series 2017A

and

\$ _____

Independent Cities Finance Authority
Mobile Home Park Subordinate Revenue Refunding Bonds
(Westlake and Millbrook Mobilehome Parks)
Series 2017B

ADMINISTRATION AND OVERSIGHT AGREEMENT

THIS ADMINISTRATION AND OVERSIGHT AGREEMENT (the “Administration Agreement”) is made and entered into as of December 1, 2017, by and among the INDEPENDENT CITIES FINANCE AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”), MILLENNIUM HOUSING OF CALIFORNIA, a California nonprofit public benefit corporation (the “Borrower”), and WOLF & COMPANY INC. (the “Oversight Agent”).

RECITALS:

WHEREAS, the Authority previously issued its Mobile Home Park Revenue Refunding Bonds (Westlake Mobilehome Park) Series 2007A (the “Prior Westlake Bonds”) pursuant to an Indenture of Trust, dated as of April 1, 2007 (the “Prior Westlake Indenture”), between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank of California, N.A.), in such capacity (the “Prior Westlake Trustee”), and loaned the proceeds of the Prior Westlake Bonds (the “Prior Westlake Loan”) to Millennium Housing of California, a California nonprofit public benefit corporation (the “Borrower”), in order to provide financing with respect to the acquisition and improvement of a mobile home park with approximately 330 spaces known as Westlake Mobilehome Park (the “Westlake Project”) located at 2706 W. Ashlan Ave. in Fresno, California (the “City”); and

WHEREAS, the Authority previously issued its Mobile Home Park Revenue Bonds (Millbrook Mobile Home Village) Series 2013A (the “Prior Millbrook Series A Bonds”) and its Mobile Home Park Subordinate Revenue Bonds (Millbrook Mobile Home Village) Series 2013B (the “Prior Millbrook Series B Bonds”) and together, the “Prior Millbrook Bonds” and, collectively with the Prior Westlake Bonds, the “Prior Bonds”) pursuant to an Indenture of Trust, dated as of January 1, 2013 (the “Prior Millbrook Indenture” and, together with the Prior Westlake Indenture, the “Prior Indentures”), between the Authority and MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.), in such capacity (the “Prior Millbrook Trustee” and, together with the Prior Westlake Trustee, the “Prior Trustees”), and loaned the proceeds of the Prior Millbrook Bonds (the “Prior Millbrook Loan” and, together with the Prior Westlake Loan, the “Prior Loans”) to COACH of San Diego, Inc., a California nonprofit public benefit corporation (the “Prior Millbrook Borrower”), in order to provide financing with respect to the acquisition and improvement of a mobile home park with approximately 94 spaces known as Millbrook Mobile Home Village (the “Millbrook Project” and, together with the Westlake Project, the “Projects”) located at 3404 N. Millbrook Ave. in the City; and

WHEREAS, the Borrower has requested that the Authority issue its Mobile Home Park Revenue Refunding Bonds (Westlake and Millbrook Mobilehome Parks) Series 2017A in the initial principal amount of \$_____ (the “Series A Bonds”) and its Mobile Home Park Subordinate Revenue Refunding Bonds (Westlake and Millbrook Mobilehome Parks) Series 2017B in the initial principal amount of \$_____ (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”) and loan the proceeds from the sale thereof (the “Loan”) to the Borrower to acquire the Millbrook Project, prepay the Prior Loans and refund the Prior Bonds, to fund the Series A Bonds Debt Service Reserve Fund, to fund the Restricted Account of the Repair and Replacement Fund and to pay the costs of issuing the Bonds, all under and in accordance with the Constitution and laws of the State of California; and

WHEREAS, the Loan Agreement provides for certain oversight provisions relating to the management of the Project; and

WHEREAS, in connection with the issuance of the Bonds, the Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants with respect to the Westlake Project (the “Westlake Regulatory Agreement”) and a Regulatory Agreement and Declaration of Restrictive Covenants with respect to the Millbrook Project (the “Millbrook Regulatory Agreement” and, together with the Westlake Regulatory Agreement, the Regulatory Agreements), each dated as of December 1, 2017, each with the Authority and the Trustee, which agreements, among other things, set forth certain restrictions applicable to the properties being financed with the proceeds of the Loan, which restrictions are intended to assure continued compliance with the provisions of California law and of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Authority desires to appoint Wolf & Company Inc. as Oversight Agent under the Regulatory Agreements to monitor the income levels of the residents of the Qualified Spaces and as Oversight Agent under the Loan Agreement to carry out the duties of the Oversight Agent set forth in the Loan Agreement; and

WHEREAS, Wolf & Company Inc. represents that it has the necessary experience and expertise required to evaluate whether the Project complies with the requirements set forth in the Loan Agreement and the Regulatory Agreements.

NOW, THEREFORE, in consideration of the premises and respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

1.1. Definitions of Terms. All capitalized terms used in this Administration Agreement and not otherwise defined herein shall have the respective meanings given to them in the Indenture and/or the Regulatory Agreements.

1.2. Article and Section Headings. The heading or titles of the several articles and sections hereof shall be solely for the convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

1.3. Interpretation. The singular form of any word used herein, including terms defined in the Indenture and/or the Regulatory Agreements, shall include the plural and vice versa, if applicable. The use of a word of any gender shall include all genders, if applicable.

ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1. Representations of the Authority. The Authority makes the following representations:

(a) It is a joint powers authority, duly organized and existing under the Constitution and laws of the State of California.

(b) It has the power to enter into the transactions contemplated by this Administration Agreement and to carry out its obligations hereunder and to consummate all other transactions on its part contemplated herein; and it has duly authorized the execution and delivery of this Administration Agreement.

(c) The City of Fresno is an associate member of the Authority.

2.2. Representations and Warranties of the Borrower. The Borrower makes the following representations and warranties:

(a) It has power and authority to own its properties and carry on its business as now being conducted, and is duly qualified to do such business wherever such qualification is required, including the State of California.

(b) It has the power to execute and deliver this Administration Agreement and to carry out the transactions on its part contemplated hereby; and it has duly authorized the execution, delivery and performance of this Administration Agreement.

(c) The Oversight Agent is independent from and not under the control of the Borrower, does not have any substantial interest, direct or indirect, in the Borrower, and is not an officer or employee of the Borrower.

2.3. Representations and Warranties of the Oversight Agent. The Oversight Agent makes the following representations and warranties:

(a) It is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to carry on its business as now being conducted.

(b) It has the power to execute and deliver this Administration Agreement and to carry out the transactions on its part contemplated hereby; and it has duly authorized the execution, delivery and performance of this Administration Agreement.

(c) It is independent from and not under the control of the Borrower, does not have any substantial interest, direct or indirect, in the Borrower, and is not an officer or employee of the Borrower.

(d) It has received copies of the Indenture, the Loan Agreement, and the Regulatory Agreements, and it is familiar with the terms and conditions thereof as the same relate to the Code and the Act.

ARTICLE III DUTIES AND COMPENSATION OF THE OVERSIGHT AGENT

3.1. Duties of Oversight Agent. Wolf & Company Inc. is the initial Oversight Agent hereunder. This Section 3.1 applies to Wolf & Company Inc. as Oversight Agent and to any successor Oversight Agent. In its capacity as Oversight Agent hereunder, for and on behalf of the Authority, the Oversight Agent will perform the following duties in a careful and timely manner, to the highest standards of its profession:

(a) It will be familiar with and will give written notice to the Authority, the Trustee and the Borrower within ten days of the publication by the Department of Housing and Urban Development of any change in:

(i) The Median Income for the Area; and

(ii) The maximum income at which households consisting of various numbers of persons may be determined to be Low Income and Very Low Income Residents under the terms of the Regulatory Agreements; and

(iii) The maximum allowable rents under each applicable provision of Section 5 of each of the Regulatory Agreements.

(b) Promptly following its receipt thereof, it will review the Income Certifications, Certificates of Continuing Program Compliance, and all other reports and certificates furnished to it pursuant to the Regulatory Agreements in order to determine that each such document is complete and to verify the internal accuracy of the calculations, and conclusions with respect to such calculations, set forth therein, including the conclusion that the Low Income Spaces and Very Low Income Spaces have been rented as specified by the terms of the Regulatory Agreements; and it will maintain such documents on file and open to the inspection by the Authority, the City, the Trustee and the Borrower during the term of the Regulatory Agreements.

(c) Promptly upon receipt, it will review the form of application and lease with respect to the Low Income Spaces and Very Low Income Spaces to verify compliance with the provisions of the Regulatory Agreements.

(d) Promptly upon determining that any report or certificate submitted to it pursuant to the Regulatory Agreements is inaccurate or incomplete the Oversight Agent shall:

(i) If the inaccuracy or lack of completeness does not cause the Project to cease to meet the qualifications set forth in Section 5 of each of the Regulatory Agreements, give notice of such inaccuracy or lack of completeness to the Borrower and direct the Borrower to correct or complete the same, as the case may be, within a 30-day period, subject to extension in the sole discretion of the Oversight Agent;

(ii) If the inaccuracy or lack of completeness is not corrected within thirty (30) days or if the inaccuracy or lack of completeness causes the Project to cease to meet the qualification set forth in Section 5 of each of the Regulatory Agreements, immediately give written notice of said fact to the Authority, the Trustee and the Borrower.

(e) In the event that the Borrower fails to file with the Oversight Agent any report, certification (including, in particular, the certification to the Secretary of the Treasury required by Section 5(i) of each of the Regulatory Agreements) or other document required pursuant to the Regulatory Agreements within the time set forth in the Regulatory Agreements as applicable, the Oversight Agent shall immediately give written notice of that fact to the Authority, the Trustee and the Borrower.

(f) On behalf of the Authority, the Oversight Agent shall, at least annually and whenever requested by the Authority, audit the survey of the tenants of the Low Income Spaces and Very Low Income Spaces with respect to income levels, household sizes and such other information as the Authority may specify, and all as further required under Section 5 of each of the Regulatory Agreements. Based on such information, the Authority shall determine compliance with the affordability requirements under the Act and the Code. In the event of any noncompliance the Oversight Agent shall notify the Authority as to the nature and extent of the noncompliance and the Oversight Agent shall suggest alternatives for bringing the Qualified Spaces into compliance.

(g) The Oversight Agent will perform on a timely basis all duties ascribed to the Oversight Agent in the Indenture, the Loan Agreement, and the Regulatory Agreements, including without limitation the following: (i) annual review of the Borrower's financial statements, (ii) review the coverage calculation for release of surplus cashflow and report comments to the Borrower and the Authority, (iii) review the final budget and forward comments to the Borrower and the Authority, (iv) physical inspection of the Project on a quarterly basis, including examination of the infrastructure, the clubhouse, and any other common areas, (v) monthly confirmation report to the Authority and any Bondholder requesting such information that the Trustee has received the monthly deposit in accordance with the approved budget and, in the event that the Trustee has not, to take such further steps as required by the Loan Agreement and (vi) review any proposed use of amounts in the Repair and Replacement Fund as set forth in a written request of the Borrower.

(h) On or about 120 days after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2018, the Oversight Agent shall perform a search of the Repository, as such term is defined in the Continuing Disclosure Agreement dated as of December 1, 2017 (the "Disclosure Agreement") between the Borrower and Wolf & Company Inc. (in such capacity, the "Dissemination Agent"), to confirm that the Annual Report has been submitted to the Repository. The Oversight Agent shall promptly provide notice to the Borrower and the Authority if the Annual Report has not been submitted to the Repository by such date.

3.2. Compensation. For its services as the Oversight Agent, Wolf & Company Inc. shall be paid an amount equal to \$8,000 on the Closing Date and thereafter, commencing _____ 15, 20__, an annual fee of \$8,000 payable by the Borrower in equal quarterly installments. The fee of the Oversight Agent shall be paid to the Oversight Agent by the Trustee upon receipt by the Trustee of an invoice from the Oversight Agent. If the Oversight Agent provides services outside the scope of this Agreement, as requested in writing by the Authority, the compensation shall be paid at the then prevailing fee schedule of the Oversight Agent.

ARTICLE IV TERM

4.1. Term of Agreement. Unless sooner terminated pursuant to the provisions of Sections 4.2 and 4.3 hereof, this Administration Agreement shall remain in full force and effect for the of the term of the Regulatory Agreements.

4.2. Termination. At its sole discretion, the Authority may terminate this Administration Agreement upon giving the Oversight Agent and the Borrower thirty (30) days written notice of its intention to do so. This Administration Agreement may be terminated in

whole or in part only as to the services described in Section 3.1, whereupon a partial fee for the services not terminated will be agreed upon by the parties and memorialized in an amendment hereto.

4.3. Resignation of Oversight Agent. With the written consent of the Authority, the Oversight Agent may resign from its position and terminate this Administration Agreement by giving the other parties hereto thirty (30) days written notice of its intention to do so.

ARTICLE V MISCELLANEOUS PROVISIONS

5.1. Execution in Counterparts. This Administration Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

5.2. Business Days. If any action is required to be taken hereunder on a date which falls on other than a Business Day, such action shall be taken on the next succeeding Business Day.

5.3. Governing Law. This Administration Agreement shall be construed in accordance with the laws of the State of California and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

5.4. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed to the appropriate Notice Address set forth in the Regulatory Agreements. The Notice Address of the Oversight Agent is: Wolf & Company Inc., 241 South Figueroa Street, Suite 100, Los Angeles, California 90012, Attention: Wesley R. Wolf.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this Administration Agreement to be executed on their behalf by their duly authorized representatives, all as of the date hereinabove written.

INDEPENDENT CITIES FINANCE AUTHORITY

By: _____
Deborah J. Smith, Executive Director

MILLENNIUM HOUSING OF CALIFORNIA, a
California nonprofit public benefit corporation

By: _____
Lorraine M. Carraway, Vice President

WOLF & COMPANY INC., as Oversight Agent

By: _____
Authorized Signatory