

LADF

LOS ANGELES DEVELOPMENT FUND

**Meeting *of the*
Governing Board of Directors**

**The Los Angeles Development Fund
and
LADF Management, Inc.**

May 19, 2025

MEETING of the
GOVERNING BOARD OF DIRECTORS of
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.

May 19, 2025

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 - March 24, 2025
- 3** Materials regarding Action Item A:
 - JEDI Zone Loan Servicing Agreement Memo – Contract Summary

Tab 1

AGENDA

**MEETING of the
GOVERNING BOARD OF DIRECTORS of
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.**

To Join in Person: City Hall, Room 1070 | 200 N Spring St, Los Angeles, CA 90012
To Join via Zoom: Dial (669) 444-9171 US | Meeting ID: 816 8729 2570
Monday, May 19, 2025 | 11:30-12:30 pm

	AGENDA ITEM	PRESENTER	TAB
	Welcome and Call to Order	Carolyn Hull	
	Roll Call	Sandra Rahimi	
	Public Comment	Carolyn Hull	
1	Approval of Minutes for Board Meeting(s) on:	Carolyn Hull	
	a. March 24, 2025		Tab 2
2	Discussion Items		
	a. CDFI Fund Update		
3	Action Items	Sandra Rahimi	
	a. Request for authorization for the LADF President, or their designee, to execute the Loan Administration Servicing Agreement with Pacific Asian Consortium in Employment (PACE) related to the LADF JEDI Zone Microloan Program.		Tab 3
4	Future Agenda Items		
	a. LADF Budget for 2026		
5	Next Meeting Date and Time of Governing Board		
	a. TBD		
	Public Comment	Carolyn Hull	
	Adjournment	Carolyn Hull	

The LADF's Board Meetings are open to the public. Accommodations such as sign language interpretation and translation services can be provided upon 72 hours notice. Contact LADF @ (213) 808-8959. **PUBLIC COMMENT AT LADF BOARD MEETINGS** – An opportunity for the public to address the Board will be provided at the conclusion of the agenda. Members of the public who wish to speak on any item are requested to identify themselves and indicate on which agenda item they wish to speak. The Board will provide an opportunity for the public to speak for a maximum of three (3) minutes, unless granted additional time at the discretion of the Board. Testimony shall be limited in content to matters which are listed on this Agenda and within the subject matter jurisdiction of the LADF. The Board may not take any action on matters discussed during the public testimony period that are not listed on the agenda.

Tab 2

LOS ANGELES DEVELOPMENT FUND

MINUTES OF THE MEETING OF THE GOVERNING BOARD AND THE ADVISORY BOARD OF LADF AND LADF MANAGEMENT, INC.
Monday March 24, 2025

City Hall, Room 1070 | 200 N Spring St, Los Angeles, CA 90012
To Join via Telephone: Dial (669) 444-9171 US | Meeting ID: 893 2951 3283

LADF STAFF PRESENT:

- Sandra Rahimi
- Christopher Chorebanian
- Jiaqi Wu

WELCOME AND CALL TO ORDER – Los Angeles Development Fund (LADF) Yolanda Chavez called the meeting to order at **1:37pm**.

ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Chavez (Chairperson)
- Director Keane
- Director Kalfayan

A QUORUM WAS PRESENT

The following Advisory Board directors were present at the meeting:

- Director Williams (Chairperson; joined at 1:55 PM)
- Director Volpert

A QUORUM WAS NOT PRESENT

Approval of Minutes for Board Meeting(s) on:

a. December 12nd, 2024

- Moved by Director Kalfayan. Seconded by Director Chavez.
- Roll Call: AYES: 3; NOS: 0; ABSENT: 2; ABSTAIN: 0; APPROVED.

DISCUSSION ITEMS:

b. Pipeline Project Update

- Sandra Rahimi provided an update on LADF's pipeline projects.

c. CDFI Fund Update

- Sandra Rahimi provided an update about the CDFI fund regarding recent challenges related to the NMTC program. Director Chavez suggested making this discussion a standing item on future LADF meeting agendas.

ACTION ITEMS.

a. Request for Authorization for LADF President, or his or her delegate, to execute documents to effectuate a \$9,000,000 Sub-Allocation of New Markets Tax Credits for the SoLa Crenshaw Center Project

- Moved by Director Keane. Seconded by Director Kalfayan.
- Roll Call: AYES: 3; NOS: 0; ABSENT: 2; ABSTAIN: 0; APPROVED

REQUEST FOR FUTURE AGENDA ITEMS

- JEDI Microloan Program Final Term Approval
- LADF Budget for 2026
- Employee Compensation Review

PUBLIC COMMENT

- None.

ADJOURNMENT

- Meeting was adjourned at **2:06 pm**.

Tab 3

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: May 19, 2025
SUBJECT: Authorization to Execute Loan Servicing Agreement for JEDI Zone Microloan Program

BACKGROUND AND SUMMARY

The Los Angeles Development Fund (LADF) proposes to enter into a Loan Administration Servicing Agreement (“**Contract**”) with the Pacific Asian Consortium in Employment (“**PACE**”), a nonprofit organization, to administer the JEDI Zone Microloan Program. Attached is a near-final version of the agreement, which is not expected to undergo any substantial changes. This \$1 million pilot program is designed to support small businesses in underserved communities, with a focus on City-designated JEDI Zones and NMTC-eligible census tracts. The Contract follows LADF’s issuance of RFP #006 on July 29, 2024, seeking a qualified vendor to manage outreach, underwriting, servicing, and reporting for the program. PACE submitted its proposal on September 17, 2024, and was selected following board direction on November 13, 2024. A Memorandum of Understanding was sent to PACE on May 8, 2025, accepted in writing, and is currently in the process of execution. The Contract formalizes the terms and responsibilities of both parties.

Additionally, the City of Los Angeles’s Economic and Workforce Development Department (“**EWDD**”) will be responsible for marketing and outreach for the program. LADF is working with EWDD staff to establish marketing materials in anticipation of the program’s launch.

LADF is seeking approval from the Governing Board to authorize the LADF President to execute and sign the proposed agreement with PACE, or a contract substantially similar to the attached version. If there are any material changes to the contract, staff will return to the Board for approval of those changes. The launch date for the lending program is currently targeted for mid-June 2025.

SUMMARY OF CONTRACT TERMS

Fund Capitalization

- \$1 million total capitalization, to-be-funded by LADF
 - Initial disbursement of \$200,000
 - Subsequent disbursements of \$150,000 when available fund capital is less than \$100,000
- Fund capital to-be-held in a separate interest-bearing account controlled by PACE
- PACE required to provide monthly reports in the first 6 months and quarterly reports thereafter to LADF

Microloan Terms

- Loan Amounts: \$10,000 to \$50,000
- Loan Term: 5 years
- Interest Rate: 7.0%, fixed rate (6.0% allocated to PACE, 1.0% allocated to LADF)
- Payment Terms: No payments required in Year 1, with interest accrual added to principal; fully amortizing payments required in Years 2 to 5

Fees and Compensation

- PACE receives 6.0% of interest collected; LADF receives 1.0% of interest collected
- PACE receives one-time \$750 fee per loan closing, deducted from loan proceeds
- PACE receives fees for technical assistance billed at \$79/hour, as needed, if a borrower is unable to receive services through the City of Los Angeles Business Source Center

Program Administration (PACE Responsibilities)

- Borrower screening, underwriting, application processing, and document standardization

- Loan servicing, compliance, risk management, and reporting to LADF
- PACE shall have approval and disbursal authority over the Fund
- PACE must provide monthly reports to LADF for the first six months and quarterly reports thereafter
- Coordination with City of Los Angeles Business Source Centers required for all borrowers

Program Restrictions

- Fund must be capped at six loans or \$150,000 in total loan amounts per JEDI Zone for the first 9 months
- Borrower eligibility criteria include:
 - Located in a JEDI Zone
 - Registered with a City of Los Angeles Business Source Center
 - Up to \$3 million in revenue
 - No minimum credit score
- Ineligible uses include cannabis-related businesses, gambling, landlords, franchises, home-based businesses, and other uses excluded under NMTC guidelines

Termination

- LADF may terminate the agreement with or without cause with 30 days' written notice
- Upon termination, PACE must return all records, any unexpended capital, and all confidential information

Insurance

- PACE must carry general liability insurance with at least \$1 million per occurrence and \$2 million in aggregate, naming LADF as an additional insured

Confidentiality and Data Protection

- Both parties are obligated to safeguard all confidential and borrower data
- PACE is fully liable for any data breaches resulting from its actions

ATTACHMENTS

Attachment 1: Loan Administration Servicing Agreement, version dated May 15, 2025

LOAN ADMINISTRATION SERVICING AGREEMENT

(JEDI Zone Microloan Program)

THIS LOAN ADMINISTRATION SERVICING AGREEMENT (JEDI Zone Microloan Program) (this “**Agreement**”) is made as [_____], 2025, by and between Los Angeles Development Fund, a California nonprofit public benefit corporation (“**LADF**”), and Pacific Asian Consortium in Employment (PACE) (“**PACE**”, or the “**Servicer**”).

WHEREAS, PACE is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (as amended from time to time, the “**Code**”), whose charitable mission is to function as a think tank towards charitable, educational, financial, literary and scientific solutions for small businesses by, among other things, guiding, testing and conducting business demonstrational projects in urban and rural underserved communities and advocating “institutional building” and the creation of jobs through job training and educational programs and innovative self-help projects (collectively, the “**Charitable Mission**”);

WHEREAS, LADF is a tax-exempt organization under Section 501(c)(3) of the Code, as well as a qualified community development entity which provides, among other things, economic opportunities and progressive growth for small business owners and their underserved communities as a source of financing and financial education, including via the LADF Jobs & Economic Development Incentive (JEDI) Zone Microloan Fund (the “**Fund**”) with an initial funding of \$1 million;

WHEREAS, on July 29, 2024, LADF issued its revised RFP #006 (the “**RFP**”) with the goal of identifying a qualified vendor to assist with outreach, underwriting, closing, servicing, and reporting for the Fund’s microloan loan program (the “**Program**”). On September 17, 2024, PACE provided a response to the RFP, which was assessed alongside other responses LADF received. At its meeting on November 13, 2024, the LADF Governing Board directed LADF staff to initiate discussions with PACE to establish key contract terms;

WHEREAS, the parties entered into a Memorandum of Understanding on May 8, 2025, and further determined to proceed to enter into this Agreement to memorialize the terms of such a servicing agreement with regard to the Fund;

AGREEMENT:

THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, the parties agree as follows.

ARTICLE I PURPOSE

Purpose.

The Fund is dedicated to aiding businesses in low-income communities by offering them financing for enhancements under more favorable terms and rates than prevailing market conditions. Aligned with the 2020 City Council-approved JEDI Zone Policy, this initiative aims to foster growth in underserved areas and provide financial incentives for development. Implemented as a pilot program, the Fund shall primarily target small businesses located in City-established JEDI Zones, with a preference for those in NMTC qualifying census tracts, providing crucial support to these businesses. The JEDI Zones are set forth in the City's Zone Information and Map Access System (ZIMAS) database. The City's ZIMAS URL is: <https://zimas.lacity.org/>.

ARTICLE II FUND CAPITALIZATION

Fund Capitalization.

(a) LADF will capitalize the Fund with \$1 million in equity. PACE will not be required to make any contributions to the Fund.

(b) It is anticipated that LADF will make an initial advance of \$200,000 to the Fund, then will make subsequent advances of \$150,000 when the Fund's capital balance is less than \$100,000, until the sum of all of LADF's advances total \$1 million.

(c) The Fund's capital will be held and managed in a separate interest-bearing bank account, which account shall be in PACE's name, or in the name of an entity controlled by PACE. PACE shall provide copies of monthly bank statements for this separate bank account until the Agreement is terminated/expired and funds are settled in accordance with any such termination/expiration. Such statements shall be provided within ten (10) days of month end.

(d) PACE shall have approval and disbursement rights over the Fund. However, for the first six (6) months, PACE shall provide monthly statements to LADF, no later than the 20th of each month, and include a list of loans funded each month by PACE. After the first six (6) months, PACE shall provide quarterly statements within forty-five (45) days of each calendar quarter.

ARTICLE III FUND UTILIZATION

Fund Utilization.

(a) The Fund's capital will be utilized solely for the LADF JEDI Zone Microloan Program. Although the timing of deployment can be subject to borrower demand, underwriting timelines, and market conditions, PACE shall make best faith efforts to fully utilize all of the Fund's capital by no later than the end of the first year of this Agreement. Any undisbursed capital may continue to be deployed thereafter throughout the term of this Agreement. The initial term of the Fund will be for six (6) years, and the return on capital to the Fund will be re-utilized according to the terms of this Agreement until such time as this Agreement is expired or terminated.

(b) The anticipated terms for all microloans made from the Fund are as follows:

- Loan Amount: \$10,000 to \$50,000
- Loan Term: 5 years
- Interest Rate: 7.0%
- Payments: No payments required in Year 1. Fully amortizing payments required in Years 2 through 5, with interest accruing from the date of the loan, and added to the principal.

ARTICLE IV FEES

Fees.

All Fund loans will include a 7.0% interest rate. Out of the interest payments proceeds collected, PACE will receive 6.0% of the interest received, and LADF will receive 1.0% of the interest received. Additionally, each microloan borrower ("**Borrower**") shall pay a one-time \$750 flat loan packaging fee in favor of PACE per loan, which will be paid out of loan proceeds at closing.

Additionally, to the extent that any Borrower is unable to receive technical assistance services through the City of Los Angeles Business Source Center with which it is registered, PACE will provide the necessary support and invoice LADF directly at a rate of \$79 per hour for up to five (5) hours per loan; additional services exceeding five (5) hours per loan will require further review and approval by LADF.

ARTICLE V LOAN LOSS

Loan Loss. It is contemplated that any losses realized on Fund loans will be deducted from the Fund's capital balance. PACE shall not be liable for any loan losses except in cases of willful misconduct, fraud or gross negligence in the administration of the Fund.

ARTICLE VI PROGRAM ADMINISTRATION

Program Administration.

PACE is the selected administrator of the Fund by LADF. In its role as administrator, it will be responsible for the following:

- Borrower Screening
- Underwriting of Loan Applications and Borrowers
- Loan Application Processing and Document Standardization
- Loan Servicing
- Compliance and Regulatory Adherence
- Fund Reporting to LADF (including borrower demographic information and location and Council District of businesses financed)
- Risk Management

Additionally, PACE will require that any eligible business applying for a loan must be registered with a City of Los Angeles Business Source Center.

PACE and LADF will agree on underwriting parameters and loan terms within which PACE may close and fund loans. PACE shall have the sole authority to independently approve and disburse loans within the agreed parameters. Any proposed loans deviating from these parameters and terms will be presented to LADF for consideration prior to funding.

ARTICLE VII TERMINATION PROVISION

Termination Provision.

LADF shall have the right to terminate this Agreement with or without cause with thirty (30) calendar days' written notice. PACE shall have the right to terminate this Agreement for cause, including but not limited to LADF's failure to make timely payments, material breach of any provision of this Agreement, or any other action or inaction that significantly impairs PACE's ability to perform under this Agreement. In the event PACE terminates this Agreement for cause, all unpaid compensation owed to PACE for services rendered up to the effective date of termination shall become immediately

due and payable. Should LADF elect to terminate this Agreement, LADF shall retain the Fund's capital balance less any outstanding fees accrued and owed to PACE.

Upon the effective date of the termination of this Agreement, Servicer shall: (i) deliver or cause to be delivered to LADF (or designee) all Fund loan documents and all of such books, records, accounts and other materials and any and all other records or documents pertaining to the Fund loans; (ii) furnish such information and take all such actions as LADF shall reasonably require, including delivering a certification to LADF as to the accuracy and completeness of any materials delivered to LADF in order to effectuate an orderly and systematic ending of the duties and activities of Servicer hereunder with respect to the Fund loans; and (iii) return or destroy all of the confidential information related to the Fund loans to LADF. Upon the delivery of all such materials by Servicer to LADF, as aforesaid, as soon as the same is determinable after the effective date of the expiration or sooner termination of this Agreement with respect to the Fund loans, all outstanding amounts due Servicer hereunder with respect to the Fund loans, if any, shall be paid to Servicer. The provisions of this section shall survive the expiration or sooner termination of this Agreement.

ARTICLE VIII INSURANCE REQUIREMENTS

Insurance Requirements.

PACE shall provide and maintain at its own expense a program of insurance having coverage and limits customarily carried and actually arranged by PACE but not less than \$1 million per occurrence and \$2 million in aggregate, covering its operations hereunder. Such insurance shall be in a form acceptable to LADF. Specifically, such insurance shall: (i) protect LADF as an Insured or an Additional Interest Party, or a Loss Payee As Its Interest May Appear, respectively, when such status is appropriate and available depending on the nature of applicable coverage; (ii) provide LADF at least thirty (30) days advance written notice of cancellation, or of a material reduction in coverage or reduction in limits when such change is made at the option of the insurer; and (iii) be primary with respect to LADF's insurance plan. Except when LADF is a named insured, PACE's insurance is not expected to respond to claims which arise solely from acts or omissions of LADF.

ARTICLE IX INDEMNIFICATION

Indemnification.

Except for the gross negligence, fraud or willful misconduct of LADF, or any of its boards, officers, agents, employees, assigns and successors in interest, PACE shall defend, indemnify and hold harmless LADF and any of its board members, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by LADF, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including PACE's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of an act, error, or omission by PACE, PACE's subcontractors, or their boards, officers, agents, employees, assigns, and successors in interest. Likewise, except for the gross negligence, fraud or willful misconduct of PACE, LADF shall defend, indemnify, and hold harmless PACE and its officers, employees, and agents from and against all lawsuits, claims, losses, demands, and expenses, including reasonable attorneys' fees and costs, arising out of any act, error, or omission by LADF, its officers, employees, or agents in connection with this Agreement. The rights and remedies each party provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement. This provision shall survive expiration or termination of this Agreement.

Additionally, each party shall use the most secure means and commercially available technology to protect any consumer data or Confidential Information received under this Agreement. In the event that either party is subject to liability due to a data breach or security incident arising from the other party's actions, that party shall fully indemnify and defend the other from any resulting claims, liabilities, or proceedings, to the extent caused by its own negligence or misconduct.

ARTICLE X PROGRAM RESTRICTIONS

Program Restrictions.

(a) Program Cap.

There will be a cap of six (6) loans or \$150,000 total loan amounts per JEDI Zone in the first nine (9) month period from the Program commencement.

(b) Business/Borrower Eligibility Requirements. The Borrower must:

- Be located in City designated JEDI Zones (preference for NMTC qualifying census tracts)

- Be registered with a City of Los Angeles Business Source Center
- Be a Microenterprise, ESOP, startup (<2 years), nonprofit, or other small business owners
- No minimum credit score requirement but reasonable credit history
- Have up to \$3 million in revenue
- Have a Cash Flow Ratio of 1.1:1.0
- Not qualify for other financing with economically feasible rates and fees
- Have two (2) years of industry experience (or acceptable ESOP management)

(c) Eligible Uses. Eligible uses for loans made from the Fund include working capital, equipment, inventory, business acquisition (focus on Employee Stock Ownership Plans, or “**ESOPs**”), startup capital, improvements (subject to environmental review), and loan refinancing. Additional eligible uses and/or exceptions not listed below may be considered by LADF on a case-by-case basis by LADF, in LADF’s sole and absolute discretion.

(d) Ineligible Uses. Businesses ineligible for loans by the Fund include businesses engaged in activities ineligible for NMTC financing, including:

- Golf courses (private or commercial)
- Country Clubs
- Massage parlors
- Hot tub facilities
- Suntan facilities
- Racetracks or gambling facilities
- Stores primarily selling alcoholic beverages for off-premises consumption

Other businesses ineligible for loans by the Fund include personal use and paying off personal/business tax liens as well as the below:

- Home-based businesses
- Rideshare businesses
- Landlords/Schedule E Passive Income
- Businesses or companies held in trust
- Businesses that do not have a physical location, using P.O. boxes as a business address
- Businesses engaged in illegal activities, such as selling drug paraphernalia or operating a motel permitting prostitution

- Cannabis businesses or businesses supporting cannabis businesses
- Corporate-owned franchises (a corporation responsible for operations, profit and loss, business decisions and quality control, corporate hires and overseeing all store staff)
- Publicly traded companies
- Private social clubs limiting the number of memberships for reasons other than capacity
- Payday loan stores, pawnshops and other firms involved in lending activities, such as banks, finance companies and any other firm whose stock in trade is money, insurance companies, such as life, auto, home, bail bonds and other similar entities
- Astrology, palm reading, tarot, etc.

ARTICLE XI CONFIDENTIALITY

Confidentiality.

This Agreement is confidential and contains information that shall not be distributed or shared with any third parties without the express prior written consent of LADF and PACE.

Each party agrees that during the course of this Agreement, information that is confidential or proprietary may be disclosed to the other party which are vital to the competitive position and success of the other party. During the term of this Agreement and at all times thereafter, both parties shall hold strictly confidential and shall not disclose to others any of the Confidential Information (as defined below). Except as may be permitted pursuant to this Section, PACE shall not use (directly or indirectly) any LADF's data for any purpose other than as required to provide the loans hereunder.

The term "Confidential Information" shall include (a) written information of either party or any third party disclosed by one party to the other that is either marked "confidential" or "proprietary" or may reasonably be inferred from the context to be considered confidential or proprietary; (b) information disclosed orally that is identified at the time of the disclosure as confidential or proprietary; (c) any data or information relating to the performance of this Agreement; (d) any agreement entered into relating to the performance of this Agreement; and (e) all other non-public information relating to the Agreement. Each party must hold the other party's Confidential Information in confidence and use the same degree of care (but not less than reasonable care) to safeguard such Confidential Information as the party uses to protect its own Confidential Information. The parties shall limit access to, and use of, the Confidential Information to only those of its employees who have a need-to-know Confidential Information in

connection with this Agreement. Each party shall notify its employees of their confidentiality obligations with respect to the Confidential Information and shall use its best efforts to prevent disclosure or other use of any of such Confidential Information by any such employee. In the event a party is required by law or court order to disclose any Confidential Information of the disclosing party, that party shall: (i) notify the disclosing party in writing as soon as possible, but in no event less than thirty (30) calendar days prior to any such disclosure; (ii) cooperate with the disclosing party to preserve the confidentiality of such Confidential Information consistent with applicable law; and (iii) use its best efforts to limit any such disclosure to the minimum disclosure necessary to comply with such law or court order. The confidentiality obligations of this Agreement shall apply equally to any subcontractor under this Agreement and shall be made contractually binding on the subcontractor. The confidentiality obligations of each party and its employees shall survive the expiration or termination of this Agreement.

Confidential information shall not include information that the receiving party can demonstrate: (a) is, as of the time of its disclosure, or thereafter, becomes a part of the public domain through a source other than the receiving party, (b) was known to the receiving party at the time of disclosure, (c) is independently developed by the receiving party, or (d) is subsequently learned from a third party not under a confidentiality obligation to the providing party.

ARTICLE XII STANDARD CITY REQUIREMENTS

Standard City Requirements.

This Agreement shall incorporate by reference LADF's Standard Terms and Conditions, attached hereto as Exhibit A.

ARTICLE XIII RECORDS MANAGEMENT

Records Management.

LADF, the City of Los Angeles, and where applicable, State and/or Federal Government representatives, or any of its duly authorized representatives shall have access to any books, documents, papers and records including computer files of Servicer which are directly pertinent to this Agreement for the purposes of making audits, examinations, excerpts and transcriptions. Servicer shall maintain records of all details with respect to all matters covered by this Agreement, for a period of five (5) years after receipt of final payment, unless authorization to remove the records sooner is granted in writing by the LADF President or designee.

ARTICLE XIV
REPRESENTATIONS AND WARRANTIES

Representations and Warranties of LADF.

LADF represents and warrants to Servicer, as of the Effective Date, that:

(a) LADF is a nonprofit public benefit corporation duly organized under the laws of California and is duly qualified in all states or other jurisdictions (if any) where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not have a material adverse effect on LADF's financial condition, results of operation or business;

(b) the execution, delivery and performance of this Agreement and the transactions contemplated hereby are all within LADF's power, have been duly and validly authorized by all necessary parties and are not in contravention to its knowledge of applicable law or the terms of LADF's articles of organization or other organizational documentation, or any material indenture, agreement or undertaking to which LADF is a party or by which LADF or its property are bound;

(c) this Agreement constitutes a legal, valid and binding obligation of LADF enforceable in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency or creditors' rights limitations and laws generally, and (ii) general equitable principles;

(d) no litigation is pending or, to the best of LADF's knowledge, threatened against LADF the outcome of which, in LADF's good faith and reasonable judgment, would prohibit LADF from entering into this Agreement or, in LADF's good faith judgment, could reasonably be expected to materially and adversely affect either the ability of LADF to perform its obligations under this Agreement or the financial condition of LADF; and

(e) no consent, approval, authorization or order of any state or federal court or governmental agency or body or of any other parties is required for the consummation by LADF of the transactions contemplated by this Agreement except for those consents, approvals, authorizations or orders that previously have been obtained or where the lack of such consent, approval, authorization or order would not have a material adverse effect on the ability of LADF to perform its obligations under this Agreement.

Representations and Warranties of Servicer.

Servicer represents and warrants to LADF, as of the Effective Date, that:

(a) Servicer is a nonprofit public benefit corporation duly organized and in good standing in all states or other jurisdictions (if any) where the nature and extent of the business transacted by it or the ownership of assets makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not have a material adverse effect on Servicer's financial condition, results of operation or business nor on the enforceability of any Fund loan;

(b) the execution, delivery and performance of this Agreement and the transactions contemplated hereby are all within Servicer's power, have been duly authorized and are not in contravention to its knowledge of applicable law or the terms of servicer's certificate of organization, operating agreement, or other organizational documentation, or any material indenture, agreement or undertaking to which Servicer is a party or by which Servicer or its property are bound;

(c) this Agreement constitutes a legal, valid and binding obligation of Servicer enforceable in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency or creditors' rights limitations and laws generally, and (ii) general equitable principles;

(d) no litigation is pending or, to the best of Servicer's knowledge, threatened against Servicer the outcome of which, in Servicer's good faith and reasonable judgment, would prohibit Servicer from entering into this Agreement or, in Servicer's good faith judgment, could reasonably be expected to materially and adversely affect either the ability of Servicer to perform its obligations under this Agreement or the financial condition of Servicer;

(e) on a quarterly basis, Servicer shall submit a certificate of no adverse change to Lender, in the form attached hereto as Exhibit B; and

(f) no consent, approval, authorization or order of any state or federal court or governmental agency or body or of any other parties is required for the consummation by Servicer of the transactions contemplated by this Agreement except for those consents, approvals, authorizations or orders that previously have been obtained or where the lack of such consent, approval, authorization or order would not have a material adverse effect on the ability of Servicer to perform its obligations under this Agreement.

ARTICLE XV NO PARTNERSHIP

No Partnership.

Neither the execution or performance of this Agreement, nor the relationship arising between, nor any action taken by LADF or Servicer as a result of this Agreement and the transactions contemplated hereby, is intended to be, nor shall it be construed to be, the formation of a partnership or joint venture by LADF or Servicer or the creation of an agent/principal relationship, but LADF or Servicer shall have the status of and act in all respects as independent contractors, each with the other. In addition, LADF and Servicer acknowledge that, although the consent of LADF is required for certain actions of Servicer and LADF must provide Servicer with written direction in such circumstances, LADF is not obligated to supervise the performance of Servicer under this Agreement.

ARTICLE XVI GENERAL MATTERS

Notices.

Any notice, demand, request or other communication which any party hereto may be required or may desire to give hereunder shall be in writing and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three (3) Business Days after mailing or (c) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service as set forth below:

LADF:

The Los Angeles Development Fund
Los Angeles Development Fund
444 South Flower Street, 14th Floor
Los Angeles, CA 90071
Phone: (213) 973-2403
Attn: Sandra Rahimi
Email: nmtc@ladfnewmarkets.org

With copies to:

Bergman and Allderdice
1200 Wilshire Boulevard, Suite 610
Los Angeles, California 90017
Attn: Beth S. Bergman, Esq.
Email: bbergman@b-alaw.com

Servicer:

Pacific Asian Consortium in Employment (PACE)
1055 Wilshire Blvd., Ste. 1475
Los Angeles, CA 90017
Attn: _____
Email: _____

Attorneys' Fees. In case of litigation between LADF and Servicer under this Agreement, the prevailing party in such litigation shall be entitled to recover from the other or others all costs and expenses (including, but not limited to, attorneys' fees and expenses) actually incurred by it in connection with its enforcement of this Agreement against said other party, and the prevailing party may also offset such costs and expenses from any payments required to be made to such other party which may thereafter become due hereunder. "Attorneys' fees," "reasonable attorneys' fees," and similar phrases shall mean actual attorneys' fees and fees of paralegals at standard hourly rates reasonably incurred without reference to a percentage of indebtedness or other statutory presumption and shall not include the fees or costs allocated to in-house counsel.

No Third-Party Beneficiaries. None of the provisions of this Agreement shall inure to the benefit of any Person other than the parties hereto. Without limiting the generality of the foregoing, neither Borrower nor any other Person obligated with respect to any Qualified Loan or Qualified Loan Documents may rely hereon or have any right to assert that any of the parties hereto have failed to comply with the provisions of this Agreement.

Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of the parties hereto, but no transfer or assignment of this Agreement or any interest hereunder shall release any party hereto from its obligations hereunder except as otherwise set forth herein, and no transfer or assignment made in violation of any of the provisions hereof shall confer any rights upon the transferee or assignee.

Headings; Construction. The Article and Section titles and headings in this Agreement are for convenience of reference only and will be disregarded in and have no effect on any interpretation of the provisions of this Agreement. References herein to "Articles," "Sections" or "Schedules" without reference to a document are designated Articles, Sections or Schedules of this Agreement. Unless the context otherwise requires, singular nouns and pronouns, when used herein, shall be deemed to include the plurals of such nouns or pronouns and pronouns of one gender shall be deemed to include the equivalent pronouns of the other gender. Whenever used, the words "including" or "included" shall be deemed followed by the phrase "without limitation".

Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. All prior or contemporaneous term

sheets, agreements, descriptions, summaries, understanding and statements, oral or written, are hereby merged into and superseded by this Agreement.

No Oral Waivers or Modifications. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally or by course of conduct, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, modification or termination is sought. No failure or delay by any part hereto in exercising its rights hereunder, or partial or single exercise thereof, shall constitute a waiver thereof or of any other or further exercise thereof. Each party hereto may rely upon and treat for all purposes (including without limitation, in any legal action or proceeding) any copy of any document, agreement and/or signature received by it from the other via facsimile, telex or other similar means of transmission as an original of such document, agreement or signature.

Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL. THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS HEREUNDER AND IN CONNECTION HERewith SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ALL STATE COURTS OF THE STATE OF CALIFORNIA AND THE UNITED STATES DISTRICT COURT FOR THE DISTRICT IN WHICH THE PROJECT BEING FINANCED BY THE LOANS IS LOCATED OVER ANY ACTION, PROCEEDING OR JUDGMENT WHICH IN ANY MANNER ARISES OUT OF OR RELATES TO THIS AGREEMENT OR THE PERFORMANCE OR NON-PERFORMANCE HEREOF. THE SUMMONS, COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN OR IN CONNECTION WITH ANY SUCH ACTION, PROCEEDING OR JUDGMENT MAY BE MADE BY MAILING (CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTS) OR DELIVERED IN PERSON A COPY OF SUCH PROCESS TO THE ADDRESS OF THE RELEVANT PARTY SET FORTH HEREIN FOR NOTICES OR SUCH OTHER ADDRESS OF SUCH PARTY LAST KNOWN TO THE OTHER PART. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY CLAIM, DEFENSE OR OBJECTION IT MAY NOW OR HEREAFTER HAVE THAT SUCH ACTION OR PROCEEDING HAS BEEN BROUGHT OR JUDGMENT OBTAINED IN THE AFORESAID COURTS AND HEREBY IRREVOCABLY WAIVES ANY DEFENSE, CLAIM OR OBJECTION THAT ANY SUCH ACTION OR PROCEEDING BROUGHT OR JUDGMENT OBTAINED IN ANY SUCH COURT HAS BEEN BROUGHT OR OBTAINED IN AN INCONVENIENT FORUM. EACH OF THE PARTIES HERETO AGREES THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY

LAW. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR JUDGMENT WHICH IN ANY MANNER ARISES OUT OF OR RELATES TO THIS AGREEMENT OR THE PERFORMANCE OR NON-PERFORMANCE HEREOF.

Severability. The provisions of this Agreement are declared to be severable, and the invalidity or unenforceability of any provision or provisions, shall not affect or impair the invalidity or enforceability of the remainder of this Agreement.

Limited Delegation. This Agreement is intended by the parties hereto to constitute a limited delegation of LADF's loan servicing functions with respect to Qualified Loans (all as specified herein), and shall not be construed as a delegation of general management functions of LADF.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned party has executed this Loan Servicing Agreement on the day and year first written above.

LADF:

LOS ANGELES DEVELOPMENT FUND,
a California nonprofit public benefit corporation

By: _____

Name: Carolyn Hull

Its: President

IN WITNESS WHEREOF, the undersigned party has executed this Loan Servicing Agreement on the day and year first written above.

SERVICER:

Pacific Asian Consortium in Employment (PACE),
a California nonprofit public benefit corporation

By: _____

Name: _____

Its: President/CEO

EXHIBIT A

LADF Standard Terms and Conditions

EXHIBIT B

Certificate of No Adverse Change

I, _____, a duly appointed officer of Pacific Asian Consortium in Employment (PACE), a California nonprofit public benefit corporation ("**Servicer**"), DO HEREBY CERTIFY as follows:

1. The representations and warranties of Servicer set forth in that certain Loan Administration Servicing Agreement dated as of _____, 2025 by and between Servicer and the Los Angeles Development Fund, a California nonprofit public benefit corporation (the "**Agreement**") are accurate and complete as of the date hereof with the same effect as though such representations and warranties had been made on and as of the date hereof.

2. There is no proceeding for the dissolution or liquidation of Servicer nor is there any proceeding threatening the existence or good standing of Servicer.

3. Since the date of the most recent financial statement submitted by Servicer to LADF, there has been no adverse change in the business, operations, properties or condition (financial or otherwise) of Servicer.

IN WITNESS WHEREOF, the undersigned has hereunto signed his/her name this _____ day of _____, 202_.

Name: _____

Title: _____