
FUNDING LOAN AGREEMENT

by and between the

**BANK OF THE WEST,
as Funding Lender**

and the

**COUNTY OF CONTRA COSTA, CALIFORNIA,
as Governmental Lender**

dated as of December 1, 2012

relating to:

\$ _____

**County of Contra Costa
Multifamily Housing Revenue Construction/Permanent Note,
Series 2012B (Berrellesa Palms) and**

\$ _____

**County of Contra Costa
Multifamily Housing Revenue Construction Note,
Series 2012B (Berrellesa Palms)**

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1.	Definitions.....	2
Section 1.2.	Effect of Headings and Table of Contents	13
Section 1.3.	Date of Funding Loan Agreement	13
Section 1.4.	Designation of Time for Performance	13
Section 1.5.	Interpretation	14

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTES

Section 2.1.	Terms	14
Section 2.2.	Forms of Governmental Lender Notes.....	16
Section 2.3.	Execution and Delivery of Governmental Lender Notes	16
Section 2.4.	Investor Letter; Participations; Sale and Assignment	17

ARTICLE III

PREPAYMENT

Section 3.1.	Prepayment of a Governmental Lender Note From Prepayment Under the Related Borrower Note	18
Section 3.2.	Notice of Prepayment.....	18

ARTICLE IV

SECURITY

Section 4.1.	Security for the Funding Loan.....	18
Section 4.2.	Delivery of Security	20

ARTICLE V

LIMITED LIABILITY

Section 5.1.	Source of Payment of Funding Loan and Other Obligations.....	20
Section 5.2.	Exempt From Individual Liability	21

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1.	Conditions Precedent to Closing.....	21
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ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1.	Authorization to Create Funds and Accounts	22
Section 7.2.	Investment of Funds	22

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1.	General Representations	22
Section 8.2.	No Encumbrance on Security	24
Section 8.3.	Repayment of Funding Loan.....	24
Section 8.4.	Servicer	24
Section 8.5.	Borrower Loan Agreement Performance.....	24
Section 8.6.	Maintenance of Records; Inspection of Records	24

Section 8.7.	Tax Covenants	25
Section 8.8.	Performance by the Borrower	26
Section 8.9.	Maintenance of Records	26

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1.	Events of Default.....	26
Section 9.2.	Acceleration of Maturity; Rescission and Annulment	27
Section 9.3.	Additional Remedies; Funding Lender Enforcement	28
Section 9.4.	Application of Money Collected	30
Section 9.5.	Remedies Vested in Funding Lender	30
Section 9.6.	Restoration of Positions.....	30
Section 9.7.	Rights and Remedies Cumulative	30
Section 9.8.	Delay or Omission Not Waiver	31
Section 9.9.	Waiver of Past Defaults	31
Section 9.10.	Remedies Under Borrower Loan Agreement or Borrower Notes	31
Section 9.11.	Waiver of Appraisal and Other Laws.....	31
Section 9.12.	Suits to Protect the Security	32
Section 9.13.	Remedies Subject to Applicable Law	32
Section 9.14.	Assumption of Obligations.....	32

ARTICLE X

AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

Section 10.1.	Amendment of Funding Loan Agreement	32
Section 10.2.	Amendments Require Funding Lender Consent.....	33
Section 10.3.	Consents and Opinions	33

ARTICLE XI

MISCELLANEOUS

Section 11.1.	Notices	33
Section 11.2.	Term of Funding Loan Agreement.....	35
Section 11.3.	Successors and Assigns	35
Section 11.4.	Legal Holidays.....	35
Section 11.5.	Governing Law	35
Section 11.6.	Severability.....	35
Section 11.7.	Execution in Several Counterparts	36
Section 11.8.	Nonrecourse Obligation of the Borrower	36
Section 11.9.	Waiver of Trial by Jury.....	36
Section 11.10.	Judicial Reference	36
Section 11.11.	Electronic Transactions.....	37
Section 11.12.	Reference Date	37

EXHIBIT A	FORMS OF GOVERNMENTAL LENDER NOTES
EXHIBIT B	FORM OF INVESTOR LETTER

□ FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of December 1, 2012 (this "Funding Loan Agreement"), is entered into by BANK OF THE WEST, a California banking corporation (together with any successor hereunder, the "Funding Lender") and the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic of the State of California (together with its successors and assigns, the "Governmental Lender").

RECITALS:

WHEREAS, pursuant to Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California (the "Act"), the Governmental Lender is authorized, among other things, (a) to make loans to finance the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing to be occupied in part by persons meeting the income limits set forth in the Act; (b) to incur indebtedness that is a limited obligation of the Governmental Lender for the purpose of obtaining moneys to make such loans and provide such financing; and (c) to pledge the revenues and receipts to be received by the Governmental Lender from or in connection with such loans to borrowers, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender received in connection with such loans in order to secure the payment of the principal of, Prepayment Premium (defined below), if any, and interest on such indebtedness of the Governmental Lender; and

WHEREAS, Berrellesa Palms, L.P., a California limited partnership (as more particularly defined herein, the "Borrower"), has requested that the Governmental Lender enter into this Funding Loan Agreement under which the Funding Lender (i) will advance funds (the "Funding Loan") to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the "Borrower Loan") to the Borrower to finance the acquisition and construction of a 49 unit multifamily rental senior housing project known as Berrellesa Palms (as more particularly defined in the Borrower Loan Agreement, the "Project"); and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender and the Borrower will enter into a Borrower Loan Agreement dated as of December 1, 2012 (as it may be supplemented or amended, the "Borrower Loan Agreement"), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Borrower Construction Note and its Borrower Construction/Permanent Note (as defined in the Borrower Loan Agreement) (each a "Borrower Note" and, collectively, the "Borrower Notes") and the obligations of the Borrower under the Borrower Notes will be secured by a lien on and security interest in the Project pursuant to a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (California) dated as of December 1, 2012 (the "Security

Instrument”), made by the Borrower in favor of the Governmental Lender, as assigned by the Governmental Lender without recourse to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its County of Contra Costa Multifamily Housing Revenue Construction/Permanent Note, Series 2012B (Berrellesa Palms) (the “Governmental Lender Construction/Permanent Note”) and its County of Contra Costa Multifamily Housing Revenue Construction Note, Series 2012B (Berrellesa Palms) (the “Governmental Lender Construction Note”) (each a “Governmental Lender Note” and, collectively, the “Governmental Lender Notes”), each dated the Initial Closing Date (defined below) collectively evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement, and all things necessary to make this Funding Loan Agreement the valid, binding and legal limited obligation of the Governmental Lender, have been done and performed, and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement.

(b) The terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to “Approved

Accounting Method" refer to such principles as they exist at the date of application thereof.

(e) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) References to the Governmental Lender Notes or the Funding Loan as "tax exempt" or to the "tax exempt status" of the Governmental Lender Notes or the Funding Loan are to the exclusion of interest on the Governmental Lender Notes evidencing the Funding Loan (other than interest on any portion of the Governmental Lender Notes or of the Funding Loan owned by a "substantial user" of the Project or a "related person" within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

(h) The following terms have the meanings set forth below:

"Affiliate" shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

"Approved Accounting Method" shall mean [see paragraph (d) above].

"Approved Institutional Buyer" means (a) a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as in effect on the Closing Date (the "Securities Act"); (b) an "accredited investor" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (c) an entity that is directly or indirectly wholly owned or controlled by the Funding Lender (being a financial institution described in (a) above); (d) an entity all of the investors in which are described in (a), (b) or (c) above; or (e) a custodian or trustee for a party described in (a), (b) or (c) above.

"Authorized Amount" shall mean \$14,500,000, the maximum principal amount of the Funding Loan under this Funding Loan Agreement.

"Authorized Denomination" shall mean the lesser of (a) \$100,000 principal amount and any multiple of \$0.01 in excess thereof; or (b) the then outstanding principal amount of a respective Governmental Lender Note.

"Authorized Governmental Lender Representative" shall mean the Governmental Lender's Chair, Vice Chair, County Administrator, Director of the Department of Conservation and Development or Community Development Bond Program Manager, and/or such other person at the time designated to act on behalf of the Governmental Lender as evidenced by a written certificate furnished by the Governmental Lender to the Funding Lender and the Borrower containing the specimen signature of such person and signed on behalf of the

Governmental Lender by an Authorized Governmental Lender Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Governmental Lender Representative.

"Borrower" shall mean Berrellesa Palms, L.P., a California limited partnership, and its permitted successors under the Borrower Loan Agreement, the Security Instrument and the Regulatory Agreement, as owner of the Project.

"Borrower Controlling Entity" shall mean, if the Borrower is a partnership, any general partner or managing partner of the Borrower, or if the Borrower is a limited liability company, the manager or managing member of the Borrower.

"Borrower Loan" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

"Borrower Loan Agreement" shall mean the Borrower Loan Agreement, dated as of December 1, 2012, between the Governmental Lender and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

"Borrower Loan Agreement Default" shall mean any event of default set forth in Article IX of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall "exist" if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

"Borrower Loan Amount" shall mean the amount of \$14,500,000.

"Borrower Loan Documents" shall have the meaning given such term in the Borrower Loan Agreement.

"Borrower Notes" shall mean the "Borrower Notes" as defined in the Borrower Loan Agreement.

"Business Day" shall mean any day other than (a) a Saturday or a Sunday, or (b) a day on which federally insured depository institutions in New York, New York are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

"Code" shall mean the Internal Revenue Code of 1986 as in effect on the Initial Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Initial Closing Date, together with applicable Treasury Regulations.

"Conditions to Conversion" shall have the meaning given such term in the Borrower Loan Agreement.

"Contingency Draw-Down Agreement" means the Contingency Draw-Down Agreement, dated as of December 1, 2012, between the Funding Lender and the Borrower

relating to possible conversion of the Funding Loan from a draw down loan to a fully funded loan.

“Control” shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“Default” shall mean the occurrence of an event, which, under any Funding Loan Document, would, but for the giving of notice or passage of time, or both, be an event of default under the applicable Funding Loan Document or a Borrower Loan Agreement Default.

“Draw-Down Notice” shall mean a notice described in Section 1.01 of the Contingency Draw-Down Agreement regarding the conversion of the Funding Loan from a draw down loan to a fully funded loan.

“Event of Default” shall have the meaning ascribed thereto in Section 9.1 hereof.

“Fitch” shall mean Fitch, Inc.

“Funding Lender” shall mean Bank of the West, a national banking association, and any successor under this Funding Loan Agreement and the Borrower Loan Documents.

“Funding Loan Agreement” shall mean this Funding Loan Agreement, dated as of December 1, 2012, by and between the Funding Lender and the Governmental Lender, as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

“Funding Loan Documents” shall mean (a) this Funding Loan Agreement, (b) the Borrower Loan Agreement, (c) the Regulatory Agreement, (d) the Tax Certificate, (e) the Borrower Loan Documents, (f) all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and (g) all amendments, modifications, renewals and substitutions of any of the foregoing.

“Governmental Lender” shall mean the County of Contra Costa, California, a political subdivision and body corporate and politic of the State of California, and its successors and assigns.

“Governmental Lender Fee” shall mean, collectively, the fees of the Governmental Lender, payable in accordance with Section 4A.(d) of the Regulatory Agreement.

“Governmental Lender Notes” shall mean, collectively, the Governmental Lender Notes described in the recitals of this Funding Loan Agreement.

“Government Obligations” shall mean noncallable, nonprepayable (a) direct, general obligations of the United States of America, or (b) any obligations unconditionally guaranteed

as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

"Highest Rating Category" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the highest rating category given by that Rating Agency for that general category of security. If at any time the Governmental Lender Notes are not rated (and, consequently, there is no Rating Agency), then the term "Highest Rating Category" means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is "A 1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG 1" (for fixed rate) or "VMIG 1" (for variable rate) for three months or less and "Aaa" for greater than three months. If at any time (a) the Governmental Lender Notes are not rated, (b) both S&P and Moody's rate a Permitted Investment and (c) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

"Initial Closing Date" shall mean December __, 2012, the date that initial Funding Loan proceeds are disbursed hereunder, as described in Section 2.1(b).

"Investor Letter" shall mean a letter in substantially the form attached to this Funding Loan Agreement as EXHIBIT B, duly executed by the owner of a Governmental Lender Note and delivered to the Governmental Lender.

"Maturity Date" shall mean (a) with respect to the Governmental Lender Construction/Permanent Note, _____, ____; and (b) with respect to the Governmental Construction Note, _____, ____.

"Maximum Rate" shall mean the lesser of (a) 12% per annum and (b) the maximum interest rate that may be paid on the Funding Loan under State law.

"Moody's" shall mean Moody's Investors Service, Inc., or its successor.

"Negative Arbitrage Deposit" has the meaning set forth in the Contingency Draw-Down Agreement.

"Note Proceeds Subaccount of the Borrower's Funds Account" shall mean the Note Proceeds Subaccount created pursuant to Section 8.1 of the Borrower Loan Agreement.

"Opinion of Counsel" shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Notes from gross income for purposes of federal income taxation, such opinion shall be provided by Tax Counsel.

"Permitted Investments" shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

(a) Government Obligations.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Obligations, in each case rated in the Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision.

(d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short term obligations are rated in the Highest Rating Category.

(e) Commercial paper rated in the Highest Rating Category.

(f) Interest bearing negotiable certificates of deposit, interest bearing time deposits, interest bearing savings accounts and bankers' acceptances, issued by a Qualified Financial Institution if either (i) the Qualified Financial Institution's unsecured short term obligations are rated in the Highest Rating Category or (ii) such deposits, accounts or acceptances are fully collateralized by investments described in clauses (a) or (b) of this definition or fully insured by the Federal Deposit Insurance Corporation.

(g) An agreement held by the Funding Lender for the investment of moneys at a guaranteed rate with a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long term obligations are rated in the Highest Rating Category or Second Highest Rating Category; provided that such agreement is in a form acceptable to the Funding Lender; and provided further that such agreement includes the following restrictions:

(1) the invested funds will be available for withdrawal without penalty or Prepayment Premium, at any time that (A) the Funding Lender is

required to pay moneys from the fund(s) established under this Funding Loan Agreement to which the agreement is applicable, or (B) any Rating Agency indicates that it will lower or actually lowers, suspends or withdraws the rating on the Funding Loan on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;

(2) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks *pari passu* with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(3) the Funding Lender receives an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within ten days, either: (A) collateralize the agreement (if the agreement is not already collateralized) with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Funding Lender or a third party custodian, such collateralization to be effected in a manner and in an amount reasonably satisfactory to the Funding Lender, or, if the agreement is already collateralized, increase the collateral with Permitted Investments described in paragraph (a) or (b) by depositing collateral with the Funding Lender or a third party custodian, in an amount reasonably satisfactory to the Funding Lender, (B) at the request of the Funding Lender, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium unless required by law or (C) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long term obligations are then rated in the Highest Rating Category or the Second Highest Rating Category. The agreement may provide that the down graded provider may elect which of the remedies to the downgrade (other than the remedy set out in (B)) to perform.

Notwithstanding anything else in this Paragraph (g) to the contrary and with respect only to any agreement described in this Paragraph (g) or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this Paragraph to the "Second Highest Rating Category" will be deemed deleted so that the only acceptable

rating category for such an agreement, guarantee or insurance will be the Highest Rating Category.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Funding Lender or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated "AAAm G" or "AAAm" by S&P or "Aaa" by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Funding Lender, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Funding Loan is rated by a Rating Agency, the money market mutual fund must be rated "AAAm G" or "AAAm" by S&P, if S&P is a Rating Agency, or "Aaa" by Moody's, if Moody's is a Rating Agency. If at any time the Funding Loan is not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated "AAAm G" or "AAAm" by S&P or Aaa by Moody's. If at any time (i) the Funding Loan is not rated, (ii) both S&P and Moody's rate a money market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

(i) Any other investment authorized by the laws of the State, if such investment is approved in writing by the Funding Lender.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception (1) shall not apply to Permitted Investments listed in paragraphs (g) and (i).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset backed securities and auto loan asset backed securities.

(4) Any interest only or principal only stripped security.

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.

(9) Any investment to which S&P has added an "r" or "t" highlighter.

"Person" shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Pledged Revenues" shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Notes, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Unassigned Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Notes, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon. Notwithstanding the foregoing, "Pledged Revenues" shall not include amounts payable by the Borrower pursuant to Sections 2.5 (except Section 2.5(a)(v)), 8.33, 8.34, 8.35 or 8.52 of the Borrower Loan Agreement, or under Article XIVA of the Borrower Loan Agreement, and shall not include amounts in the Rebate Fund referenced in Section 8.52 of the Borrower Loan Agreement.

"Prepayment Premium" shall mean (a) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Notes (including any Prepayment Premium as set forth in the Borrower Notes) and (b) any premium payable on the Governmental Lender Notes pursuant to this Funding Loan Agreement.

"Project" shall have the meaning given to that term in the Borrower Loan Agreement.

"Qualified Financial Institution" shall mean any (a) bank or trust company organized under the laws of any state of the United States of America, (b) national banking association, (c) savings bank, savings and loan association, or insurance company or association chartered or organized under the laws of any state of the United States of America, (d) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or

authorized to do business under the laws of any state or territory of the United States of America, (e) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (f) securities dealer approved in writing by the Funding Lender the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (g) other entity which is acceptable to the Funding Lender. With respect to an entity which provides an agreement held by the Funding Lender for the investment of moneys at a guaranteed rate as set out in paragraph (g) of the definition of the term "Permitted Investments" or an entity which guarantees or insures, as applicable, the agreement, a "Qualified Financial Institution" may also be a corporation or limited liability company organized under the laws of any state of the United States of America.

"Rating Agency" shall mean any one and each of S&P, Moody's and Fitch Ratings then rating the Governmental Lender Notes or any other nationally recognized statistical rating agency then rating the Governmental Lender Notes, which has been approved by the Funding Lender.

"Rebate Amount" shall have the meaning given such term in the Borrower Loan Agreement.

"Regulatory Agreement" shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2012, by and between the Governmental Lender and the Borrower, as in effect on the Initial Closing Date and as it may thereafter be amended or modified in accordance with its terms.

"Resolution" shall mean the Resolution No. 2012/ ____ of the Board of Supervisors of the Governmental Lender, adopted on December 4, 2012, authorizing the incurrence by the Governmental Lender of the Funding Loan and the execution and delivery by the Governmental Lender of the Governmental Lender Notes and the Funding Loan Documents to which the Governmental Lender is a party.

"Second Highest Rating Category" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the second highest rating category given by that Rating Agency for that general category of security. If at any time the Governmental Lender Notes are not rated (and, consequently, there is no Rating Agency), then the term "Second Highest Rating Category" means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax exempt municipal debt established by S&P is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa." If at any time (a) the Governmental Lender Notes are not rated, (b) both S&P and Moody's rate a Permitted Investment and (c) one of those ratings is below the Second Highest Rating Category, then such Permitted Investment will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated "AA" by S&P and "A" by Moody's is not rated in the Second Highest Rating Category.

"Securities Act" shall mean the Securities Act of 1933, as amended.

“Security” shall mean the security for the performance by the Governmental Lender of its obligations under the Governmental Lender Notes and this Funding Loan Agreement as more fully set forth in Article IV hereof.

“Security Instrument” shall mean the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (California) (as amended, restated and/or supplemented from time to time) dated as of December 1, 2012, made by the Borrower in favor of the Governmental Lender, as assigned by the Governmental Lender to the Funding Lender without recourse to secure the performance by the Governmental Lender of its obligations under the Funding Loan and the Governmental Lender Notes. The Security Instrument is referred to in the Borrower Loan Agreement as the “Trust Deed.”

“Servicer” shall mean any Servicer appointed by the Funding Lender to perform certain servicing functions with respect to the Funding Loan and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender and the Servicer; provided that if there shall be no appointed Servicer, references thereto shall be of no force or effect.

“Servicing Agreement” shall mean any servicing agreement entered into between the Funding Lender and a Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

“S&P” shall mean Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business division, and its successors.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Certificate as to Arbitrage, dated the Initial Closing Date, executed and delivered by the Governmental Lender and the Borrower, together with the Certificate Regarding Use of Proceeds, dated the Initial Closing Date, executed and delivered by the Borrower.

“Tax Counsel” shall mean (a) Quint & Thimmig LLP; or (b) any other attorney or firm of attorneys designated by the Governmental Lender and approved by the Funding Lender having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141 through 150 (or any successor provisions) of the Code.

“Tax Counsel Approving Opinion” shall mean an opinion of Tax Counsel addressed to the Governmental Lender substantially to the effect that the Funding Loan Agreement constitutes a valid and binding obligation of the Governmental Lender and interest on the Governmental Lender Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code (subject to customary exceptions and exclusions).

“Tax Counsel No Adverse Effect Opinion” shall mean an opinion of Tax Counsel substantially to the effect that the taking of the action specified therein will not, in and of itself, adversely affect any exclusion of interest on the Governmental Lender Notes from gross income for purposes of federal income taxation (subject to customary exceptions and exclusions).

"Treasury Regulations" shall mean with respect to the Code, the relevant U.S. Treasury regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

"UCC" shall mean the Uniform Commercial Code as in effect in the State.

"Unassigned Rights" shall mean the Governmental Lender's rights (a) to reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Sections 2.5 and 8.52 of the Borrower Loan Agreement and Sections 4A(d) and (h) of the Regulatory Agreement, (b) to access to the Project under Section 8.37 of the Borrower Loan Agreement, (c) to indemnification under Section 8.35 of the Borrower Loan Agreement, (d) to attorneys' fees and other fees and expenses under Sections 8.33 and 8.34 of the Borrower Loan Agreement and Section 20 of the Regulatory Agreement, (e) to receive notices, reports and other statements and its rights to consent to certain matters, including but not limited to its right to consent to amendments to this Funding Loan Agreement, the Borrower Loan Agreement and the Regulatory Agreement, and otherwise as provided in this Funding Loan Agreement and the Borrower Loan Agreement, (f) to seek performance by the Borrower of its obligations under the Tax Certificate or the Regulatory Agreement, and (g) to seek performance of, and enforce, various tax covenants as described in Section 2.2(b)(i) of the Borrower Loan Agreement, including but not limited to those in Sections 8.51 and 8.52 of the Borrower Loan Agreement.

"Written Certificate," "Written Certification," "Written Consent," "Written Direction," "Written Notice," "Written Order," "Written Registration," "Written Request," and "Written Requisition" shall mean a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Governmental Lender Representative or an authorized representative of the Funding Lender, as the context shall require, and delivered to the Funding Lender, the Servicer or such other Person as required under the Funding Loan Documents.

"Yield" shall mean yield as defined in Section 148(h) of the Code.

Section 1.2. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents hereto are for convenience only and shall not affect the construction hereof.

Section 1.3. Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered on said date.

Section 1.4. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

Section 1.5. Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTES

Section 2.1. Terms.

(a) Principal Amount. The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount.

(b) Draw-Down Funding. The Funding Loan is originated on a draw-down basis. Except as expressly provided in the next paragraph, the proceeds of the Funding Loan shall be advanced by the Funding Lender directly to the Borrower for the account of the Governmental Lender as and when needed to make each advance in accordance with the disbursement provisions of the Borrower Loan Agreement. Upon each advance of principal of the Borrower Loan under the Borrower Loan Agreement, a like amount of the Funding Loan shall be deemed concurrently and simultaneously advanced under this Funding Loan Agreement, including the initial advance of \$[insert amount of initial advance of principal amount of Governmental Lender Construction/Permanent Note].

Subject to the terms and conditions of the Borrower Loan Agreement, the Funding Lender agrees to advance, on behalf of the Governmental Lender, \$[insert amount of initial advance of principal amount of Governmental Lender Construction/Permanent Note], constituting the initial advance to the Borrower under the Borrower Loan Agreement on the Initial Closing Date, and which amount Funding Lender agrees to correspondingly and simultaneously advance for the account of the Governmental Lender under this Funding Loan Agreement as an advance on the Funding Loan. Notwithstanding any other provision of this Funding Loan Agreement, the initial advance pursuant to the preceding sentence shall be used to fund the initial advance of the Borrower Loan pursuant to Section 8.1 of the Borrower Loan Agreement, which amount shall be deposited to the Note Proceeds Subaccount of the Borrower's Funds Account.

Borrower Loan advances and Funding Loan advances shall be allocated first to the Borrower Construction/Permanent Note (as defined in the Borrower Loan Agreement) and the related Governmental Lender Construction/Permanent Note (as defined in the recitals to this Funding Loan Agreement), and, once the foregoing note has been fully funded, then to the Borrower Construction Note (as defined in the Borrower Loan Agreement) and the related Governmental Lender Construction Note (as defined in the recitals to this Funding Loan Agreement).

Notwithstanding anything in this Funding Loan Agreement to the contrary, and subject to the requirements of the Tax Certificate, no additional amounts of the Funding Loan may be

drawn down and funded hereunder after December 1, 2015; provided, however, that upon the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Funding Lender, such date may be extended as specified in such Tax Counsel No Adverse Effect Opinion.

The Governmental Lender has reviewed and approved the form of Contingency Draw-Down Agreement and consents to the terms thereof and agrees to take all actions reasonably required of the Governmental Lender and as requested in writing by the Funding Lender in connection with the conversion of the Funding Loan to a fully drawn loan pursuant to the provisions of the Contingency Draw-Down Agreement in the event a Draw-Down Notice is filed by the Funding Lender or the Borrower, all at the expense of the Borrower.

(c) Origination Date; Maturity. The Funding Loan shall be originated on the Initial Closing Date and shall mature on the latest Maturity Date for any of the Governmental Lender Notes, at which time the entire principal amount of the Funding Loan, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(d) Principal. The outstanding principal amount of each Governmental Lender Note and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to or for the account of the Governmental Lender to fund corresponding advances with respect to the related Borrower Note under the Borrower Loan Agreement as proceeds of the Borrower Loan, less any payments of principal of any Governmental Lender Note previously received upon payment of corresponding principal amounts under the related Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of each Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Funding Lender shall keep a record of all principal advances and principal repayments made under each Governmental Lender Note and shall upon written request provide the Governmental Lender with a statement of the outstanding principal balance of each Governmental Lender Note and the Funding Loan.

(e) Interest. Interest shall be paid on the outstanding principal amount of each Governmental Lender Note at the rate or rates set forth in the related Borrower Note and otherwise as set forth in the Borrower Loan Agreement.

(f) Corresponding Payments. The payment or prepayment of principal, interest and Prepayment Premium, if any, due on each Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, Prepayment Premium, if any, late payment fees and other amounts due on the related Borrower Note. The Governmental Lender Construction/Permanent Note shall be payable from payments on the Borrower Construction/Permanent Note, and the Governmental Lender Construction Note shall be payable from payments on the Borrower Construction Note. Any payment or prepayment made by the Borrower of principal, interest, and Prepayment Premium, if any, due on a Borrower Note shall be deemed to be like payments or prepayments

of principal, interest and Prepayment Premium, if any, due on the related Governmental Lender Note.

(g) Usury. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Notes and all agreements made in the Governmental Lender Notes, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Governmental Lender Notes, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Funding Loan.

Section 2.2. Forms of Governmental Lender Notes. As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Notes. The Governmental Lender Notes shall be substantially in the respective forms set forth in EXHIBIT A attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement.

Section 2.3. Execution and Delivery of Governmental Lender Notes. The Governmental Lender Notes shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of an Authorized Governmental Lender Representative. The manual or facsimile signature of any individual who was at the time of his or her execution of the Governmental Lender Notes a proper officer of the Governmental Lender shall bind the Governmental Lender, notwithstanding that such individual shall have ceased to hold such office after his or her execution and delivery of the Governmental Lender Notes.

Section 2.4. Investor Letter; Participations; Sale and Assignment.

(a) The Funding Lender shall deliver to the Governmental Lender a signed Investor Letter or Investor Letters in substantially the form attached hereto as EXHIBIT B on the Initial Closing Date.

(b) The Funding Lender shall have the right to sell (i) the Governmental Lender Notes and the Funding Loan, or (ii) a portion of or participation interests in the Governmental Lender Notes and the Funding Loan, in each case only in Authorized Denominations, provided that any such sale shall be sold only to purchasers that are Approved Institutional Buyers and that execute and deliver to the Governmental Lender, an Investor Letter. The restrictions in the proviso in the preceding sentence shall not apply to (i) an assignment by the Funding Lender of one or more of the Governmental Lender Notes and the related portion of the Funding Loan or any participation interests in one or more of the Governmental Lender Notes and the related portion of the Funding Loan, in each case in an Authorized Denomination, to any Affiliate of the Funding Lender or (ii) a sale or assignment by the Funding Lender of one or more of the Governmental Lender Notes and the related portion of the Funding Loan or participation interests in one or more of the Governmental Lender Notes and the related portion of the Funding Loan, in each case in an Authorized Denomination, to an Approved Institutional Buyer or to a special purpose entity, a trust or custodial arrangement, from which the applicable Governmental Lender Note(s) and related portion of the Funding Loan or such portion of or participation in the Governmental Lender Note(s), in each case in an Authorized Denomination, and the related portion of Funding Loan, in each case in an Authorized Denomination, are not expected to be sold except to beneficial owners who are Approved Institutional Buyers (iii) a sale or assignment by the Funding Lender of one or more of the Governmental Lender Notes and the related portion of the Funding Loan or any portion of or participation interest in a Governmental Lender Note and the related portion of the Funding Loan, in each case that is then rated "A" or better by at least one Rating Agency.

(c) No service charge shall be made for any sale or assignment of any portion of the Funding Loan and Governmental Lender Notes, but the Governmental Lender may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such sale or assignment. Such sums shall be paid in every instance by the purchaser or assignee of the Funding Loan or portion thereof and shall not be the responsibility of the Governmental Lender.

(d) The Governmental Lender Notes, or any interest therein, shall be in fully-registered form transferable to a subsequent owner or owners, subject to the limitations in Section 2.4(b), only on the registration books for the Governmental Lender Notes which shall be maintained by the Funding Lender for such purpose, consistent with the registration requirements of the Code applicable to tax-exempt obligations and which shall be open to inspection by the Governmental Lender.

ARTICLE III

PREPAYMENT

Section 3.1. Prepayment of a Governmental Lender Note From Prepayment Under the Related Borrower Note. The Governmental Lender Notes are subject to voluntary and mandatory prepayment as follows:

(a) A Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds of the Governmental Lender received by the Governmental Lender to the extent and in the manner and on any date that the related Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the related Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the related Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment.

The Borrower shall not have the right to voluntarily prepay all or any portion of a Borrower Note, thereby causing the related Governmental Lender Note to be prepaid, except as specifically permitted in the related Borrower Note, without the prior written consent of Funding Lender, which may be withheld in Funding Lender's sole and absolute discretion.

(b) Each Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the related Borrower Note at the direction of the Funding Lender in accordance with the terms of the related Borrower Note, at a prepayment price equal to the outstanding principal balance of the related Borrower Note prepaid, plus accrued interest plus any other amounts payable under the related Borrower Note or the Borrower Loan Agreement.

Section 3.2. Notice of Prepayment. Notice of prepayment of a Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the related Borrower Note is timely and properly given to Funding Lender in accordance with the terms of the related Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given.

ARTICLE IV

SECURITY

Section 4.1. Security for the Funding Loan. To secure the payment of the Funding Loan and each Governmental Lender Note, to declare the terms and conditions on which the Funding Loan and each Governmental Lender Note are secured, and in consideration of the terms and premises contained herein and of the funding of the Funding Loan by the Funding Lender, the Governmental Lender by these presents does hereby grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Funding Lender (except as limited herein), a lien on and security interest in the following described property (excepting, however, in each case the Unassigned Rights and any amounts held within

the Rebate Fund or otherwise excluded from the definition of Pledged Revenues) (said property, rights and privileges being herein collectively called the "Security"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the related Borrower Note, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under this Funding Loan Agreement shall not impair or diminish the obligations of the Governmental Lender under the provisions of the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held under this Funding Loan Agreement and any amounts held at any time in the Remaining Funding Loan Proceeds Account and the Remaining Funding Loan Proceeds Account Earnings Subaccount, any Negative Arbitrage Deposit and any other amounts held under the Contingency Draw-Down Agreement, subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Funding Loan Agreement as additional security by the Governmental Lender or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Borrower Loan Agreement may come into the possession or control of the Funding Lender or a receiver appointed pursuant to this Funding Loan Agreement; and the Funding Lender is hereby authorized to receive any and all such property as and for additional security for the Funding Loan and each Governmental Lender Note and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, Prepayment Premium, if any, and interest on each Governmental Lender Note, in accordance with its terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Notes by the Governmental Lender. The Security so pledged and then or thereafter received by the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest

shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

Section 4.2. Delivery of Security. To provide security for the payment of the Funding Loan and each Governmental Lender Note, the Governmental Lender has pledged and assigned to secure payment of the Funding Loan and the Governmental Lender Notes its right, title and interest in the Security to the Funding Lender, as provided in Section 4.1 above. In connection with such pledge, assignment, transfer and conveyance, there shall be delivered to the Funding Lender, by or at the direction of the Borrower, the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

(a) Each Borrower Note endorsed without recourse to the Funding Lender by the Governmental Lender;

(b) The originally executed Borrower Loan Agreement and Regulatory Agreement;

(c) The originally executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Notes and an assignment for security and without recourse of the Security Instrument from the Governmental Lender to the Funding Lender, in a form provided by the Funding Lender and reasonably acceptable to the Governmental Lender; and

(d) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement in forms provided by the Funding Lender.

There shall be delivered and deposited with the Funding Lender such additional documents, financing statements, and instruments as the Funding Lender may reasonably request in writing from time to time for the better perfecting and assuring to the Funding Lender of its lien and security interest in and to the Security including, at the request of the Funding Lender, any amounts held under the Contingency Draw-Down Agreement, in each case at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

Section 5.1. Source of Payment of Funding Loan and Other Obligations. The Funding Loan and the Governmental Lender Notes are limited obligations of the Governmental Lender, payable solely from the Pledged Revenues and the other funds and Security pledged and assigned hereunder. None of the Governmental Lender or the State or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein), or any other public agency, shall in any event be liable for the payment of the principal of, Prepayment Premium (if any) or interest on the Funding Loan or any Governmental Lender Note, or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect

thereto, except as set forth herein, and none of the Funding Loan or the Governmental Lender Notes or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan, the Governmental Lender Notes, or hereunder or under the other Funding Loan Documents shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

Section 5.2. Exempt From Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board of Supervisors of the Governmental Lender, or any officer, director, employee or agent of the Governmental Lender in his or her individual capacity, and neither members of such Board of Supervisors nor any officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Notes or this Funding Loan Agreement shall be liable personally on the Governmental Lender Notes or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes or the execution of this Funding Loan Agreement.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the Funding Loan on the Initial Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender in its sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement (other than the requirements in clauses (g) and (h) as applicable to deliverables to the Governmental Lender, or the requirements in clauses (e) and (i) below, each of which may only be waived by the Governmental Lender), including but not limited to the following:

- (a) Receipt by the Funding Lender of the original Governmental Lender Notes;
- (b) Receipt by the Funding Lender of the original executed Borrower Notes, endorsed without recourse to the Funding Lender by the Governmental Lender;
- (c) Receipt by the Funding Lender of executed counterparts of this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificate, the Security Instrument, and any UCC financing statement required by the Security Instrument;
- (d) A certified copy of the Resolution;
- (e) An executed Investor Letter or Investor Letters from the Funding Lender to the Governmental Lender;
- (f) Delivery into escrow of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, in accordance with Section 2.3(b)(ii) of the Borrower Loan Agreement;

(g) Receipt by the Governmental Lender of a Tax Counsel Approving Opinion, and receipt by the Funding Lender of a reliance letter with respect thereto;

(h) Receipt by the Funding Lender and the Governmental Lender of an Opinion of Counsel (which shall be Tax Counsel) substantially to the effect that the Governmental Lender Notes are not subject to the registration requirements of the Securities Act, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(i) delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender to the effect that the Borrower Loan Documents (including the Regulatory Agreement) are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender; and

(j) Receipt by the Funding Lender of any other documents or opinions that the Funding Lender or Tax Counsel may require.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1. Authorization to Create Funds and Accounts. Except for the Note Proceeds Subaccount of the Borrower's Funds Account, no funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender and the Servicer, if any, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender or the Servicer, if any, pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

Section 7.2. Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in Permitted Investments at the direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1. General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Governmental Lender is a political subdivision and body corporate and politic of the State, and has the power and authority to (i) enter into the Funding Loan Documents to

which it is a party and undertake the transactions on its part contemplated thereby, (ii) incur the limited obligation represented by the Governmental Lender Notes and the Funding Loan, and apply the proceeds of the Governmental Lender Notes and the Funding Loan to finance the Project, and (iii) carry out its other obligations under this Funding Loan Agreement and the Governmental Lender Notes, and by proper action the Governmental Lender has duly authorized the Governmental Lender's execution and delivery of, and its performance under, the Funding Loan Documents to which it is a party.

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict with or constitute a default under or a violation of, (i) the Act, (ii) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into the Funding Loan Agreement, executing and delivering the Governmental Lender Notes, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions on its part contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Governmental Lender is making no representations as to the necessity of registering the Governmental Lender Notes or the Borrower Notes pursuant to any securities laws or complying with any other requirements of securities laws).

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending with respect to which the Governmental Lender has been served with process or, to the knowledge of the Governmental Lender, is threatened against the Governmental Lender with respect to (i) the organization and existence of the Governmental Lender, (ii) its authority to execute or deliver the Funding Loan Documents to which it is a party, (iii) the validity or enforceability of any such Funding Loan Documents or the transactions contemplated thereby, (iv) the title of any officer of the Governmental Lender who executed such Funding Loan Documents, or (v) any authority or proceedings relating to the execution and delivery of such Funding Loan Documents to which it is a party on behalf of the Governmental Lender, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(d) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Notes and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan Agreement as evidenced by the Governmental Lender Notes.

(e) By its Resolution No. 12-100 adopted on September 26, 2012, the California Debt Limit Allocation Committee has provided an allocation of the State's 2012 private activity bond volume cap under Section 146 of the Code to the Governmental Lender for the Governmental Lender Notes. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue

date of the Governmental Lender Notes; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Lender Notes that is required by section 3.03 of said Notice.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR THE BORROWER LOAN, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 8.2. No Encumbrance on Security. The Governmental Lender will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.3. Repayment of Funding Loan. Subject to the provisions of Articles III and V hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loan, as evidenced by the Governmental Lender Notes, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Notes and this Funding Loan Agreement.

Section 8.4. Servicer. The Funding Lender may appoint a Servicer to service and administer the Governmental Loan and/or the Borrower Loan on behalf of the Funding Lender, including without limitation the fulfillment of rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to Section 2.1 of the Borrower Loan Agreement.

Section 8.5. Borrower Loan Agreement Performance.

(a) The Funding Lender and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required or obligated to) perform and observe any agreement or covenant of the Governmental Lender under the Borrower Loan Agreement, all to the end that the Governmental Lender's rights under the Borrower Loan Agreement may be unimpaired and free from default.

(b) The Governmental Lender will promptly notify the Borrower, the Servicer, if any, and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received written notice of such event and the Borrower, the Servicer, if any, and the Funding Lender do not already have notice of such event.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Funding Lender shall keep and maintain adequate records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the

Governmental Lender Notes and interests therein. The Funding Lender shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and Prepayment Premium paid on the Funding Loan, subject to the inspection of the Governmental Lender and its representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender will at reasonable times and upon reasonable prior written request of the Servicer, if any, the Borrower or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect at the offices of the Governmental Lender the books, records, reports and other papers of the Governmental Lender relating to the Project and the Funding Loan, if any, and (at their own expense) to make copies thereof.

Section 8.7. Tax Covenants. The Governmental Lender covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument, it will:

(a) Require the Borrower to execute the Regulatory Agreement as a condition of the funding of the Borrower Loan;

(b) Not knowingly take or cause to be taken any other action or actions, or knowingly fail to take any action or actions, which would cause the interest payable on the Governmental Lender Notes to be includable in gross income for federal income tax purposes;

(c) Whenever and so often as requested in writing by the Funding Lender, the Governmental Lender (at the sole cost and expense of the Borrower) shall do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Governmental Lender Notes will be excluded from the gross income of the owners of the Governmental Lender Notes, for federal income tax purposes, pursuant to Section 103 of the Code, except in the event where the owner of a Governmental Lender Note or a portion thereof is a "substantial user" of the facilities financed with the Funding Loan or a "related person" within the meaning of Section 147(a) of the Code;

(d) Not knowingly take any action nor, solely in reliance upon the covenants and representations of the Borrower in the Borrower Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, knowingly permit or suffer any action to be taken if the result of the same would be to cause a Governmental Lender Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Treasury Regulations; and

(e) Require the Borrower to agree, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, not to commit any act and not to make any use of the proceeds of the Funding Loan, or any other moneys which may be deemed to be proceeds of the Funding Loan pursuant to the Code, which would cause any of the Governmental Funding Notes to be an "arbitrage bond" within the meaning of Sections

103(b) and 148 the Code, and to comply with the requirements of the Code throughout the term of the Funding Loan; and

(f) Require the Borrower, solely by causing the Borrower to execute and deliver the Borrower Loan Agreement, to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. In the event of any conflict between this Funding Loan Agreement and the Tax Certificate, the requirements of the Tax Certificate shall control.

For purposes of this Section 8.7 the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control and no acts, omissions or directions of the Borrower, the Funding Lender or any other Persons shall be attributed to the Governmental Lender.

In complying with the foregoing covenants, the Governmental Lender may rely from time to time on a Tax Counsel No Adverse Affect Opinion or other appropriate opinion of Tax Counsel.

Section 8.8. Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Default under the Borrower Loan Agreement exists.

Section 8.9. Maintenance of Records. The Funding Lender shall keep and maintain adequate records pertaining to the funds and accounts, if any, established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain, as required by Sections 2.4(d) and 8.6(a), the registration books for the Governmental Lender Notes and interests therein.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1. Events of Default. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) A default in the payment of any interest upon any of the Governmental Lender Notes when such interest becomes due and payable; or

(b) A default in the payment of principal of, or Prepayment Premium on, any of the Governmental Lender Notes when such principal or Prepayment Premium becomes due and payable, whether at its respective stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given written notice, as provided in Section 11.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Servicer, if any, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Governmental Lender is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended in writing by the Funding Lender) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments (as such term is defined in the Borrower Loan Agreement); or

(e) Any other "Default" or "Event of Default" under any of the other Funding Loan Documents (taking into account any applicable grace or cure periods therein).

Section 9.2. Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.9 hereof, upon the occurrence of an Event of Default under Section 9.1 hereof, then and in every such case, the Funding Lender may declare the principal of the Funding Loan and the Governmental Lender Notes and the interest accrued to be immediately due and payable, by Written Notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of and Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Notes shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section 9.2, the Funding Lender may by Written Notice to the Governmental Lender and the Borrower, rescind and annul such declaration and its consequences if:

(i) There has been deposited with the Funding Lender a sum sufficient to pay (1) all overdue installments of interest on the Governmental Lender Notes, (2) the principal

of and Prepayment Premium on the Governmental Lender Notes that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Governmental Lender Notes, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Governmental Lender Notes, and (4) all sums paid or advanced by the Funding Lender and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(ii) All Events of Default, other than the non-payment of the principal of the Governmental Lender Notes which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 9.3. Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(ii) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Funding Lender as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Notes or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax exempt status of the interest on the Governmental Lender Notes, and provided that the Governmental Lender may seek specific performance with respect to the Unassigned Rights; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conditions to Conversion.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conditions to Conversion.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5, 8.34 or 8.35 of the Borrower Loan Agreement for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder (subject to the first sentence of Section 9.9 hereof).

Section 9.4. Application of Money Collected. Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any Rebate Amount, and any amounts due to the Governmental Lender, the Funding Lender, the Servicer, if any, and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Notes, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 9.4 conflicts with the provisions of any Servicing Agreement then in effect, the provisions of the Servicing Agreement shall control, except that the priority for the Rebate Amount and the amounts due to the Governmental Lender described in clause "First" above shall prevail in any event.

Section 9.5. Remedies Vested in Funding Lender. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Notes may be prosecuted and enforced by the Funding Lender without the possession of the Governmental Lender Notes or the production thereof in any proceeding relating thereto.

Section 9.6. Restoration of Positions. If Funding Lender shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender, then and in every such case the Governmental Lender and the Funding Lender shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender shall continue as though no such proceeding had been instituted.

Section 9.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or

remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.8. Delay or Omission Not Waiver. No delay or omission of the Funding Lender to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.9. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender, the Funding Lender may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Unassigned Rights (which may only be waived by the Governmental Lender in its sole discretion). Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10. Remedies Under Borrower Loan Agreement or Borrower Notes. As set forth in this Section 9.10 but subject to the first sentence of Section 9.9 hereof, the Funding Lender shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Notes, whether or not the Governmental Lender Notes has been accelerated or declared due and payable by reason of an Event of Default.

Section 9.11. Waiver of Appraisal and Other Laws.

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to

constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

Section 9.12. Suits to Protect the Security. The Funding Lender shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender.

Section 9.13. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.14. Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

ARTICLE X

AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS

Section 10.1. Amendment of Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Lender Notes may be amended or waived only by an instrument signed by the Funding Lender and the Governmental Lender, provided, however, no such amendment which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower and, provided further, that if the Borrower is in default under the Funding Loan Documents, no Borrower consent shall be required unless such amendment has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan

Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender.

Section 10.2. Amendments Require Funding Lender Consent. The Governmental Lender shall not consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document without the prior Written Consent of the Funding Lender.

Section 10.3. Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender shall have approved the same in writing in its sole discretion, and (ii) the Funding Lender shall have received, at the expense of the Borrower, a Tax Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed amendment is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Notices.

All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (unless otherwise expressly provided therein) shall be deemed to have been given and received for all purposes: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day, in each case at the following respective addresses:

If to the Borrower:	<p>Berrellesa Palms, L.P. c/o Resources for Community Development 2220 Oxford Street Berkeley, California 94704 Attention: Executive Director Telephone: (510) 841-4410 Facsimile: (510) 548-3502</p>
with a copy to:	<p>Gubb & Barshay LLP 50 California Street, Suite 3155 San Francisco, California 94111 Attention: Scott Barshay, Esq. Telephone: (415) 781-6600 Facsimile: (415) 781-6967</p>
and a copy to:	<p>Union Bank, N.A. 200 Pringle Avenue, Suite 355 Walnut Creek, California 94596 Attention: CFD Division Head Facsimile: (925) 947-2455 Telephone: (925) ____-____</p>
and a copy to:	<p>Paul Hastings LLP 515 South Flower Street, Twenty-Fifth Floor Los Angeles, California 90071 Attention: Kenneth Krug, Esq. Facsimile: (213) 996-3230 Telephone: (213) 683-6230</p>
If to the Governmental Lender:	<p>County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, California 94553 Attention: Community Development Bond Program Manager Telephone: (925) 674-7888 Facsimile: (925) 674-7258</p>
If to Funding Lender:	<p>Bank of the West NC-B07-3E-I 2527 Camino Ramon San Ramon, California 94583 Attention: Anita L. Mayer Telephone: (925) 843-4678 Facsimile: (323) 837-3866</p>

with a copy to:

Tomasi Salyer Baroway
121 SW Morrison Street, Suite 450
Portland, Oregon 97204
Attention: Valerie Athena Tomasi, Esq.
Telephone: (503) 894-9900
Facsimile: (971) 544-7236

Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing written notice of such change of address to all of the parties by written notice as provided herein.

Section 11.2. Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Notes, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

Section 11.3. Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not. Except as otherwise provided herein, the terms of this Funding Loan Agreement and the Funding Loan Documents shall bind and inure to the benefit of the heirs, successors and assigns of the parties hereto.

Section 11.4. Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 11.5. Governing Law. This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 11.6. Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Notes or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

Section 11.7. Execution in Several Counterparts. This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 11.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be, and the provisions of Section 11.1 of the Borrower Loan Agreement are by this reference incorporated herein.

Section 11.9. Waiver of Trial by Jury. THE FUNDING LENDER AND THE GOVERNMENTAL LENDER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, AND THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO, AFTER CONSULTING (OR HAVING THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION RELATED TO THIS FUNDING LOAN AGREEMENT OR ANY OTHER DOCUMENT, INSTRUMENT OR TRANSACTION BETWEEN THE PARTIES

Section 11.10. Judicial Reference. In the event the Jury Trial Waiver in Section 11.9 is unenforceable, the parties elect to proceed under this Judicial Reference Provision. With the exception of the items specified below, any controversy, dispute or claim between the parties relating to this Funding Loan Agreement or any other document, instrument or transaction between the parties (each, a "Claim"), will be resolved by a reference proceeding in California pursuant to Sections 638 et seq. of the California Code of Civil Procedure, or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to reference. Venue for the reference will be the Superior Court in Contra Costa County. The following matters shall not be subject to reference: (i) nonjudicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including without limitation set-off), (iii) appointment of a receiver, and (iv) temporary, provisional or ancillary remedies (including without limitation writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). The exercise of, or opposition to, any of the above does not waive the right to a reference hereunder.

The referee shall be selected by agreement of the parties. If the parties do not agree, upon request of any party a referee shall be selected by the Presiding Judge of the Superior Court of the County of Contra Costa (the "Court"). The referee shall determine all issues in accordance with existing case law and statutory law of the State, including without limitation the rules of evidence applicable to proceedings at law. The referee is empowered to enter equitable and legal relief, and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision, and pursuant to California Code of Civil Procedure Section §644 the referee's decision shall be entered by the Court as a judgment or order in the same manner as if tried by the Court. The final judgment or order from any decision or order entered by the referee shall be fully appealable as provided by law. The parties reserve the right to findings of fact, conclusions of law, a written statement of decision,

and the right to move for a new trial or a different judgment, which new trial if granted, will be a reference hereunder. AFTER CONSULTING (OR HAVING THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, EACH PARTY HERETO AGREES THAT ALL CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT A JURY.

Section 11.11. Electronic Transactions. The transactions described in this Funding Loan Agreement may be conducted and related documents and may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 11.12. Reference Date. This Funding Loan Agreement is dated for reference purposes only as of the first day of December, 2012.

[Remainder of page intentionally left blank.]

□

IN WITNESS WHEREOF, the Funding Lender and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

BANK OF THE WEST

By: _____
[Vice President]

COUNTY OF CONTRA COSTA,
CALIFORNIA

By: _____
Catherine Kutsuris,
Director, Department of
Conservation & Development

03007.26;j11911

[signature page to Funding Loan Agreement – Berrellesa Palms]

EXHIBIT A-1

**FORM OF GOVERNMENTAL LENDER
CONSTRUCTION/PERMANENT NOTE**

THIS GOVERNMENTAL LENDER CONSTRUCTION/PERMANENT NOTE MAY BE OWNED ONLY BY AN "APPROVED INSTITUTIONAL BUYER" (AS SUCH TERM IS DEFINED IN THE FUNDING LOAN AGREEMENT REFERENCED BELOW) OR OTHER ENTITY PERMITTED UNDER THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE (A) REPRESENTS THAT IT IS AN APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE, AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**County of Contra Costa
Multifamily Housing Revenue Construction/Permanent Note,
Series 2012B (Berrellesa Palms)
dated December __, 2012**

\$_____

FOR VALUE RECEIVED, the undersigned County of Contra Costa, California ("Obligor") promises to pay to the order of BANK OF THE WEST (together with its successors and assigns, the "Holder") the maximum principal sum of [_____] Dollars (\$_____), on [MATURITY DATE], or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of December 1, 2012 (the "Funding Loan Agreement"), between Obligor and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on the Governmental Lender Construction/Permanent Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Construction/Permanent Note (as defined below), condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on the Governmental Lender Construction/Permanent Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of the Governmental Lender Construction/Permanent Note - Tranche A so paid.

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on the Governmental Lender Construction/Permanent Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

This Governmental Lender Construction/Permanent Note is a pass-through obligation relating to the construction and permanent portion of a loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to Berrellesa Palms, L.P., a California limited partnership (the "Borrower"), under that certain Borrower Loan Agreement, dated as of December 1, 2012 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower. The portion of the Borrower Loan related to the Governmental Lender Construction/Permanent Note is evidenced by the Borrower Construction/Permanent Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Borrower Construction/Permanent Note for complete payment and prepayment terms of the Borrower Construction/Permanent Note, payments on which are passed-through to pay this Governmental Lender Construction/Permanent Note under the terms of the Funding Loan Agreement.

This Governmental Lender Construction/Permanent Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and the Security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any other public agency shall in any event be liable for the payment of the principal of, Prepayment Premium (if any) or interest on the Funding Loan or this Governmental Lender Construction/Permanent Note, or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect to either thereof except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Construction/Permanent Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Construction/Permanent Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Construction/Permanent Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Construction/Permanent Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Obligor shall not be obligated or required to pay, nor shall the owner hereof be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Construction/Permanent Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Construction/Permanent Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity and those respecting limitations of liability in Article V of the Funding Loan Agreement.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Construction/Permanent Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Construction/Permanent Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Construction/Permanent Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Construction/Permanent Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement, but solely from the Pledged Revenues, the Security, or amounts provided by the Borrower.

This Governmental Lender Construction/Permanent Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

This Governmental Lender Construction/Permanent Note (and the portion of the Funding Loan that it represents), and any interests herein or therein, are transferable by the registered owner hereof, but only in the manner, subject to the limitations and upon payment of the charges provided in the Funding Loan Agreement. Upon such transfer a new fully registered Governmental Lender Construction/Permanent Note will be issued to the transferee in exchange herefor. The Obligor and the Funding Lender may treat the registered owner hereof

as the absolute owner hereof for all purposes, and the Obligor and the Funding Lender shall not be affected by any notice to the contrary.

The Obligor hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Governmental Lender Construction/Permanent Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State (including the Act) and that the amount of this Governmental Lender Construction/Permanent Note, together with all other indebtedness of the Obligor under the Funding Loan Agreement, does not exceed any limit prescribed by the Constitution or laws of the State.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Construction/Permanent Note or caused this Governmental Lender Construction/Permanent Note to be duly executed and delivered by the facsimile signature of its authorized representative as of the date first set forth above.

COUNTY OF CONTRA COSTA,
CALIFORNIA

By: _____
Mary N. Piepho,
Chair of the Board of Supervisors

[signature page to Governmental Lender Construction/Permanent Note - Berrellesa Palms]

EXHIBIT A-2

FORM OF GOVERNMENTAL LENDER CONSTRUCTION NOTE

THIS GOVERNMENTAL LENDER CONSTRUCTION NOTE MAY BE OWNED ONLY BY AN "APPROVED INSTITUTIONAL BUYER" (AS SUCH TERM IS DEFINED IN THE FUNDING LOAN AGREEMENT REFERENCED BELOW) OR OTHER ENTITY PERMITTED UNDER THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE (A) REPRESENTS THAT IT IS AN APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE, AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

County of Contra Costa
Multifamily Housing Revenue Construction Note,
Series 2012B (Berrellesa Palms)
dated December __, 2012

\$ _____

FOR VALUE RECEIVED, the undersigned County of Contra Costa, California ("Obligor") promises to pay to the order of BANK OF THE WEST (together with its successors and assigns, the "Holder") the maximum principal sum of _____ Million Three Hundred _____ Thousand _____ Hundred _____ Dollars (\$ _____), on [MATURITY DATE], or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of December 1, 2012 (the "Funding Loan Agreement"), between Obligor and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on the Governmental Lender Construction Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Construction Note (as defined below), condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on the Governmental Lender Construction Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of the Governmental Lender Construction Note so paid.

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on the Governmental Lender Construction Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

This Governmental Lender Construction Note is a pass-through obligation relating to the construction portion of a loan (the "Borrower Loan") made by Obligor from proceeds of the Funding Loan to Berrellesa Palms, L.P., a California limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of December 1, 2012 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower. The portion of the Borrower Loan related to the Governmental Lender Construction Note is evidenced by the Borrower Construction Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Borrower Construction Note for complete payment and prepayment terms of the Borrower Construction Note, payments on which are passed-through to pay this Governmental Lender Construction Note under the terms of the Funding Loan Agreement.

This Governmental Lender Construction Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and the Security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any other public agency shall in any event be liable for the payment of the principal of, Prepayment Premium (if any) or interest on the Funding Loan or this Governmental Lender Construction Note or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect to either thereof except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Construction Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Construction Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Construction Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Construction Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Obligor shall not be obligated or required to pay, nor shall the owner hereof be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Construction Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Construction Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the

acceleration of maturity and those respecting limitations of liability in Article V of the Funding Loan Agreement.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Construction Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Construction Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Construction Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Construction Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement, but solely from the Pledged Revenues, the Security, or amounts provided by the Borrower.

This Governmental Lender Construction Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

This Governmental Lender Construction Note (and the portion of the Funding Loan that it represents), and any interests herein or therein, are transferable by the registered owner hereof, but only in the manner, subject to the limitations and upon payment of the charges provided in the Funding Loan Agreement. Upon such transfer a new fully registered Governmental Lender Construction Note will be issued to the transferee in exchange herefor. The Obligor and the Funding Lender may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Obligor and the Funding Lender shall not be affected by any notice to the contrary.

The Obligor hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Governmental Lender Construction Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State (including the Act) and that the amount of this Governmental Lender Construction Note, together with all other indebtedness of the Obligor under the Funding Loan Agreement, does not exceed any limit prescribed by the Constitution or laws of the State.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Construction Note or caused this Governmental Lender Construction Note to be duly executed and delivered by the facsimile signature of its authorized representative as of the date first set forth above.

COUNTY OF CONTRA COSTA,
CALIFORNIA

By: _____
Mary N. Piepho,
Chair of the Board of Supervisors

[signature page to Governmental Lender Construction Note - Berrellesa Palms]

EXHIBIT B

FORM OF INVESTOR LETTER

[_____, 20__]

County of Contra Costa, California,
as Governmental Lender
651 Pine Street
Martinez, California 94553

Re: \$_____ County of Contra Costa Multifamily Housing Revenue
Construction/Permanent Note, Series 2012B (Berrellesa Palms) and \$_____
County of Contra Costa Multifamily Housing Revenue Construction Note, Series
2012B (Berrellesa Palms).

Ladies and Gentlemen:

The undersigned, as owner (the "Holder") hereby acknowledges receipt of the above referenced Note[s] (the "Governmental Lender Note(s)") evidencing a loan in the maximum aggregate principal amount of \$14,500,000 (the "Funding Loan") originated pursuant to that certain Funding Loan Agreement dated as of December 1, 2012 (the "Funding Loan Agreement") between the County of Contra Costa, California, as Governmental Lender (the "Governmental Lender") and Bank of the West, as Funding Lender (the "Funding Lender"). The Funding Loan is being made for the purpose of enabling the Governmental Lender to make a loan to Berrellesa Palms, L.P., a California limited partnership, as borrower (the "Borrower") to finance all or a portion of the costs of the construction of certain multifamily residential rental facilities located in the City of Martinez, California, as more particularly described in the Funding Loan Agreement.

Capitalized terms used herein but not separately defined herein have the respective meanings given to them in the Funding Loan Agreement. [The initial Funding Lender/[or: identify subsequent owner], as Holder, hereby represents that:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project and the purchase and ownership of municipal and other tax-exempt obligations to be able to evaluate the risk and merits of the investment represented by the Governmental Lender Note(s) and the Funding Loan. The Holder is able to bear the economic risks of, and entire loss of, such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from

knowledgeable individuals concerning the Borrower, the Project, the Governmental Lender Note(s), the Funding Loan and the security therefor, so that, as a reasonable investor, the Holder has been able to make a decision to purchase the Governmental Lender Note(s). The Holder acknowledges that it has not relied upon the Governmental Lender for any information in connection with the Holder's purchase of the Governmental Lender Note(s) or an interest therein, nor has it looked to, nor expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transaction, or the adequacy of the funds pledged to secure repayment of the Governmental Lender Note(s).

3. The Holder is an Approved Institutional Buyer.

4. The Holder acknowledges that it is purchasing [an interest in] the Governmental Lender Note(s) and the related amount of the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Governmental Lender Note(s) and the related amount of the Funding Loan; provided, however, that the Holder may, notwithstanding the terms of Paragraph 5 below, sell or transfer the Governmental Lender Note(s) and the related amount of the Funding Loan, in each case in Authorized Denominations, as provided in Section 2.4(b) of the Funding Loan Agreement.

5. In addition to the right to sell or transfer the Governmental Lender Note(s) or any portion thereof in Authorized Denominations as described in Paragraph 4 above, the Holder further acknowledges its right to sell or transfer the Governmental Lender Note(s) and the related amount of the Funding Loan or any portion thereof in Authorized Denominations to Approved Institutional Buyers, subject to the delivery to the Governmental Lender of an Investor Letter from the transferee to substantially the same effect as this Investor Letter or in such other form authorized by the Governmental Lender.

6. The Holder understands that (a) the Governmental Lender Note(s) and the related amount of the Funding Loan are limited obligations of the Governmental Lender, payable solely from funds and moneys pledged and assigned under the Funding Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to the Governmental Lender Note(s) and the related amount of the Funding Loan are expressly limited as set forth in the Funding Loan Agreement and related documents, (b) the Governmental Lender Note(s) are(is) not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision thereof, and (c) the Governmental Lender Note(s) do(does) not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Governmental Lender or the State of California or any political subdivision thereof.

7. The Holder understands that the Governmental Lender Note(s) have(has) not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Holder agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition by it of the Governmental Lender Note(s) and the related amount of the Funding Loan or any interest in either thereof, as well as the provisions of Section 2.4(b) of the Funding Loan Agreement, and further acknowledges that any current exemption from registration of the Governmental Lender Note(s) does not affect or diminish such requirements.

8. The Holder is familiar with the conditions, financial and otherwise, of the Borrower and understands that the Borrower has no significant assets other than the Project, revenues from which shall be the primary source of repayment of the Governmental Lender Note(s) and the related amount of the Funding Loan. The Holder has been provided an opportunity to ask questions of, and the Holder has received answers from, representatives of the Borrower and others regarding the terms and conditions of the Funding Loan. The Holder has obtained all information requested by it in connection with the Funding Loan as it regards necessary to evaluate all merits and risks of its investment. The Holder has reviewed the documents executed in conjunction with the Funding Loan, including the Funding Loan Agreement and the Borrower Loan Agreement.

9. The Holder is not now and has never been controlled by, or under common control with, the Borrower. The Borrower has never been and is not now controlled by the Holder. The Holder has entered into no arrangements with the Borrower or with any affiliate thereof in connection with the Funding Loan Documents, other than as disclosed in writing to the Governmental Lender.

10. The Holder has authority to purchase the Governmental Lender Note(s) and to execute this letter and any other instruments and documents required to be executed by the Holder in connection with its purchase of the Governmental Lender Note(s). The undersigned is a duly appointed, qualified, and acting officer of the Holder and is authorized to cause the Holder to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Holder.

11. In entering into this transaction, the Holder has not relied upon any representations or opinions of the Governmental Lender relating to the legal consequences or other aspects of its investment in the Governmental Lender Note(s), nor has it looked to, nor expected, the Governmental Lender to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Project, including the financing or management thereof, or any other matter pertaining to the merits or risks of the transactions contemplated by the Funding Loan Agreement, or the adequacy of the funds pledged to secure repayment of the Governmental Lender Note(s) and the related amount of the Funding Loan.

12. The Purchaser understands that the Governmental Lender Note(s) are(is) not secured by any pledge of any moneys received or to be received from taxation by the

Governmental Lender, the State of California or any political subdivision thereof; that the Governmental Lender Notes will never represent or constitute a general obligation or a pledge of the faith and credit of the Governmental Lender, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest in respect of the Governmental Lender Notes or the Funding Loan; and that the liability of the Governmental Lender with respect to the Governmental Lender Notes and the Funding Loan is subject to further limitations as set forth in the Funding Loan Agreement.

13. The Holder has been informed that neither the Funding Loan nor the Governmental Lender Notes (i) has been or will be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will be listed on any stock or other securities exchange, or (iii) will carry any rating from any rating service.

14. Neither Tax Counsel nor the Governmental Lender, its Board of Supervisors, or any of its employees or agents will have any responsibility to the Holder for the accuracy or completeness of information obtained by the Holder from any source regarding the Borrower or its financial condition or regarding the Governmental Lender Notes or the Funding Loan, the provision for payment thereof, or the sufficiency of any security therefor. The Holder has assumed responsibility for obtaining such information and making such review as the Holder deemed necessary or desirable in connection with its investment decision.

15. The Holder acknowledges that the Governmental Lender Notes are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Governmental Lender has not undertaken to provide any continuing disclosure with respect thereto.

[____], as Holder

By: _____

Name: _____

Its: _____

[Signature Page to Investor Letter - Berrellesa Palms]