

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

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Attention: Paul J. Thimmig, Esq.

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

by and between the

COUNTY OF CONTRA COSTA, CALIFORNIA,

and

**OAKS II, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

dated as of December 1, 2015

relating to:

**\$ _____
County of Contra Costa
Multifamily Housing Revenue Note
(The Oaks Apartments), Series 2015B**

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this "Agreement" or this "Regulatory Agreement"), dated as of December 1, 2015, is by and between the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic of the State of California (together with any successor to its rights, duties and obligations, the "Governmental Lender"), and OAKS II, L.P., a California limited partnership (together with any successor to its rights, duties and obligations hereunder, the "Borrower").

R E C I T A L S :

WHEREAS, the Governmental Lender proposes to issue its County of Contra Costa Multifamily Housing Revenue Note (The Oaks Apartments), Series 2015B (the "Governmental Lender Note"), in a principal amount of \$_____, 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"), with the proceeds of the Governmental Lender Note to be utilized to fund a loan to the Borrower pursuant to the terms of the Borrower Loan Agreement, dated as of December 1, 2015 (as supplemented and amended from time to time, the "Borrower Loan Agreement"), between the Governmental Lender and the Borrower, in order to enable the Borrower to finance the acquisition and rehabilitation of a multifamily rental housing development known as Golden Oak Manor, consisting of 37 units of senior rental housing located on the site described in Exhibit A hereto (as further described herein, the "Project"); and

WHEREAS, in order to assure the Governmental Lender and the owner of the Governmental Lender Note that interest on the Governmental Lender Note will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and to satisfy the public purposes for which the Governmental Lender Note are authorized to be issued under the Act, and to satisfy the purposes of the Governmental Lender in determining to issue the Governmental Lender Note, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met.

A G R E E M E N T :

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

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto, in this Section 1, in Section 1.01 of the Funding Loan Agreement, dated as of December 1,

2015, between the Governmental Lender and Citibank, N.A., as Funding Lender, or in Section 1.1 of the Borrower Loan Agreement (as defined in the Recitals to this Agreement).

“Adjusted Income” means the adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Law, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

“Administrator” means the Governmental Lender or any administrator or program monitor appointed by the Governmental Lender to administer this Regulatory Agreement, and any successor administrator appointed by the Governmental Lender.

“Affiliated Party” means (a) a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a person who together with the Borrower are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Affordable Rents” means thirty percent (30%) of an amount equal to sixty percent (60%) of the median gross income for the Area, adjusted for household size (as described in the definition of “Lower Income Tenant” in this Section 1), less a utility allowance calculated as set forth in U.S. Treasury Regulation Section 1.42-10.

“Area” means the metropolitan statistical area in which the Project is located.

“Area Median Gross Income” means the median gross income for the Area, as determined by the Secretary of the Treasury in a manner consistent with determination of lower-income families and area median gross income under Section 8 of the Housing Law and Section 3009a of the Housing and Economic Recovery Act of 2008, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination.

“Borrower Loan Agreement” has the meaning given to such term in the first Recital to this Regulatory Agreement.

“CDLAC” means the California Debt Limit Allocation Committee, or successor thereto.

“CDLAC Resolution” means Resolution No. 15-101 adopted by CDLAC on September 16, 2015, with respect to the Project.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Borrower with the Administrator, on behalf of the Governmental Lender, and the Funding Lender pursuant to Section 4(e) hereof, which shall be substantially in the form attached as Exhibit F to this Regulatory Agreement, or in such other form as may be provided by the Governmental Lender or the Administrator to the Borrower, or as otherwise approved by the Governmental Lender.

“City” means the City of Walnut Creek, California.

“Closing Date” has the meaning given to the term “Initial Closing Date” in the Funding Loan Agreement.

“Completion Certificate” means the certificate of completion of the Project required to be delivered to the Governmental Lender by the Borrower pursuant to Section 2(i) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

“Completion Date” means the date of completion of the acquisition and rehabilitation of the Project, as that date shall be certified as provided in Section 2(i) of this Regulatory Agreement.

“County” means the County of Contra Costa, California.

“FOCUS Program” means (a) the FOCUS Compliance Verification Program (user’s guide located at www.housingcompliance.org/contracosta) utilized by the Governmental Lender to verify the Borrower’s compliance with various requirements of this Regulatory Agreement; or (b) any similar program used by the Governmental Lender, in substitution for the program described in the preceding clause (a), to verify the Borrower’s compliance with various requirements of this Regulatory Agreement.

“Housing Law” means the United States Act of 1937, as amended, or its successor.

“HUD” means the United States Department of Housing and Urban Development, or any successor thereto.

“Inducement Date” means June 9, 2015, being the date of adoption by the Board of Supervisors of the Governmental Lender of Resolution No. 2015/199 expressing the

Governmental Lender's intent to issue the Governmental Lender Note to finance costs of the Project.

"Funding Loan Agreement" means the Funding Loan Agreement, dated as of December 1, 2015, between the County, as Governmental Lender and Citibank, N.A., as Funding Lender, as it may be supplemented and amended from time to time in accordance with its terms.

"Governmental Lender Annual Fee" means, for the period from the Closing Date to but not including December 1, 2016, an amount equal to one-eighth of one percent (1/8%) of the maximum principal amount of the Governmental Lender Note; and, thereafter, on each December 1 during the remainder of the Qualified Project Period, commencing December 1, 2016, an amount equal to the greater of (a) one-eighth of one percent of the then outstanding principal amount of the Governmental Lender Note, or (b) \$5,000.

"Governmental Lender Issuance Fee" means an amount equal to one-eighth of one percent (1/8%) of the maximum principal amount of the Governmental Lender Note.

"Low Income Tenant" means individuals or families whose Adjusted Income does not exceed sixty percent (60%) of Area Median Gross Income; provided, however, that if all the occupants of a Low Income Unit are students (as defined in Section 152(f)(2) of the Code) who fail to be described in Section 42(i)(3)(D) of the Code, the occupants of that Low Income Unit shall in no event be deemed to be "Low Income Tenants." The Adjusted Income of individuals and Area Median Gross Income shall be determined by the Secretary of the Treasury in a manner consistent with determinations of lower income families and Area Median Gross Income under Section 8 of the Housing Law (or, if such program is terminated, under such program in effect immediately before such termination). Determinations under the preceding sentence shall include adjustments for family size as prescribed under Section 8 of the Housing Law.

"Low Income Units" means the units in the Project required to be rented, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a) and 6(a) hereof.

"Manager" means the property manager of the Project.

"Project" means the 37 units of rental housing constituting the development known as The Oaks Apartments, located on the real property site described in Exhibit A hereto, and consisting of those facilities, including the Borrower's fee interest in the real property described in Exhibit A hereto, structures, buildings, fixtures or equipment, as may at any time exist on such real property, the acquisition and rehabilitation of which is to be financed, in whole or in part, from the proceeds of the sale of the Governmental Lender Note or the proceeds of any payment by the Borrower pursuant to the Borrower

Loan Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

“Project Costs” means, to the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Borrower with respect to the acquisition and rehabilitation of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, predevelopment interest expenses, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal or demolition of existing structures, the rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and Borrower’s overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during the rehabilitation period and prior to the Completion Date.

“Qualified Project Costs” means Project Costs that meet each of the following requirements: (a) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during acquisition and rehabilitation of the Project shall be eligible to be a Qualified Project Cost as is so capitalizable and as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the rehabilitation of the Project shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being rehabilitated by an Affiliated Party (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (i) the actual out-of-pocket costs incurred by such Affiliated Party in rehabilitating the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (iii) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition or rehabilitation of the Project or payments received by such Affiliated Party due to early completion of the rehabilitation of the Project (or any portion thereof); (b) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (c) the costs are paid after the earlier of 60 days prior to the Inducement Date or the date of issue of the Governmental Lender Note, and (d) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Governmental Lender Note, such costs were (i) costs of issuance of the Governmental Lender Note, (ii)

preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.139-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Governmental Lender Note (as defined in United States Treasury Regulations §1.148-1), or (iii) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid). Notwithstanding the foregoing, "Qualified Project Costs" shall not include costs related to the acquisition or rehabilitation of any office or commercial space not functionally related to the dwelling units in the Project.

"Qualified Project Period" means the period beginning on the Closing Date, and ending on the later of (a) the date which is 15 years after the date on which at least fifty percent (50%) of the aggregate of the residential units in the Project are first occupied following the Completion Date, (b) the first day on which no Tax-Exempt private activity bond issued with respect to the Project is outstanding, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Law terminates, or (d) the date on which Governmental Lender Note is paid in full; provided that, unless otherwise amended or modified in accordance with the terms hereof, the Qualified Project Period for purposes of this Regulatory Agreement shall be 55 years from the Closing Date, as required by the Governmental Lender's policies applicable to multifamily housing revenue bonds and the CDLAC Resolution. For purposes of clause (b), the term "private activity bond" has the meaning contemplated in Section 142(d)(2)(A)(ii) of the Code.

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

"Tax-Exempt" means with respect to interest on any obligations of a state or local government, including the Governmental Lender Note, that such interest is excluded from gross income for federal income tax purposes; provided, however, that: (a) such interest may be included in gross income of any owner of the Governmental Lender Note that is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code; and (b) such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"Verification of Income" means a Verification of Income in the form attached as Exhibit E to this Regulatory Agreement or in such other form as (a) is acceptable to the Governmental Lender, or (b) is promulgated by the California Tax Credit Allocation Committee, so long as any such form contains the information needed to assure the Project is in compliance with the requirements of Sections 4 and 6 of this Regulatory Agreement.

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

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

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

Section 2. Representations, Covenants and Warranties of the Borrower. The Borrower hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The statements made in the various certificates delivered by the Borrower to the Governmental Lender or the Funding Lender on the Closing Date are true and correct.

(b) The Borrower (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds of the Borrower Loan to be applied in a manner contrary to the requirements of the Borrower Loan Agreement or this Regulatory Agreement.

(c) The Borrower will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion from gross income for federal income tax purposes or the exemption from California personal income taxation of the interest on the Governmental Lender Note and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(d) The Borrower will take such action or actions as may be necessary, in the written opinion of Tax Counsel filed with the Governmental Lender, the Funding Lender and the Borrower, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the exclusion from gross income for federal income tax purposes of interest on the Governmental Lender Note.

(e) The proceeds of the loan to the Borrower under the Borrower Loan Agreement will be used to pay costs of the acquisition and rehabilitation of the Project and related costs. The commencement of the acquisition and rehabilitation by the Borrower of the Project occurred after the date which was 60 days prior to the Inducement Date. The Borrower has incurred a substantial binding obligation to expend proceeds of the Borrower Loan pursuant to which the Borrower is obligated to expend at least five percent (5%) of the maximum principal amount of the Borrower Loan.

(f) The Borrower will proceed with due diligence to complete the acquisition and rehabilitation of the Project and the full expenditure of the proceeds of the Borrower Loan. The Borrower reasonably expects to expend the full \$_____ authorized principal amount of the Borrower Loan for Project Costs by December 1, 2016.

(g) The Borrower's reasonable expectations respecting the total expenditure of the proceeds of the Borrower Loan have been accurately set forth in a certificate of the Borrower delivered to the Governmental Lender on the Closing Date. At all times, the aggregate disbursements of the proceeds of the Borrower Loan will have been applied to pay or to reimburse the Borrower for the payment of Qualified Project Costs in an amount equal to ninety-five percent (95%) or more of such disbursements, and less than twenty-five percent (25%) of such disbursements shall have been used to pay for the acquisition of land or an interest therein.

(h) The Borrower will not take or omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the Borrower Loan to be applied in a manner contrary to the requirements of the Borrower Loan Agreement, this Regulatory Agreement, the Act or the Code.

(i) On or as soon as practicable after the Completion Date of the Project, the Borrower will submit to the Governmental Lender (with a copy to the Funding Lender) a duly executed and completed Completion Certificate.

(j) The Borrower acknowledges that the Governmental Lender may appoint an Administrator other than the Governmental Lender to administer this Regulatory Agreement and to monitor performance by the Borrower of the terms, provisions and requirements hereof. In such event, the Borrower shall comply with any reasonable request by the Governmental Lender or the Administrator to deliver to any such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Administrator as an agent of the Governmental Lender.

(k) The Borrower agrees to expend towards the rehabilitation of the Project (such expenditures to constitute "rehabilitation expenditures" as defined in Section 147(d) of the Code), within two (2) years of the Closing Date, an amount at least equal to fifteen percent (15%) of the proceeds of the Borrower Loan used to acquire the buildings (and equipment) comprising the Project.

(l) Money on deposit in any fund or account in connection with the Borrower Loan or the Governmental Lender Note, whether or not such money was derived from other sources, shall not be used by or under the direction of the Borrower, in a manner which would cause the Governmental Lender Note to be an “arbitrage bond” within the meaning of Section 148 of the Code, and the Borrower specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Governmental Lender Note from being an “arbitrage bond” under the Code.

(m) All of the proceeds of the Funding Loan and earnings from the investment of such proceeds will be used to pay costs of the Project; and no more than two percent (2%) of the proceeds of the Funding Loan will be used to pay Costs of Funding.

(n) No portion of the proceeds of the Governmental Lender Note shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Governmental Lender Note shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(o) The Borrower hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Borrower contained in the Tax Certificate.

(p) The Borrower shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and with all applicable requirements of Section 65863.11 of the California Government Code.

(q) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Governmental Lender Note and the Borrower Loan Documents to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to issue the Governmental Lender Note in order to provide funds to assist the Borrower in acquiring and constructing the Project.

(r) Notwithstanding the provisions of Section 5.35 of the Borrower Loan Agreement, and in addition thereto, the Borrower agrees to obtain a written report from an independent firm with experience in calculating excess investment earnings for purposes of Section 148(f) of the Code, not less than once on or about each five year anniversary of the Closing Date and within thirty (30) days of the date the Governmental Lender Note have been paid in full, determining that either (i) no excess investment

earnings subject to rebate to the federal government under Section 148(f) of the Code have arisen with respect to the Governmental Lender Note in the prior five-year period (or, with respect to the final such report following the repayment of the Governmental Lender Note, have arisen since the last five-year report); or (ii) excess investment earnings have so arisen during the prior five-year period (or, with respect to the final such report following the repayment of the Governmental Lender Note, have arisen since the last five-year report), and specifying the amount thereof that needs to be rebated to the federal government and the date by which such amount needs to be so rebated. The Borrower shall provide a copy of each report prepared in accordance with the preceding sentence to the Governmental Lender, each time within one week of its receipt of the same from the independent firm that prepared the respective report.

Section 3. Qualified Residential Rental Project. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, rehabilitated and operated for the purpose of providing multifamily residential rental property for seniors. The Borrower will own, manage and operate the Project as a project to provide multifamily residential rental property for seniors comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project are and will be similarly constructed units, and each dwelling unit in the Project contains complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a household, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis and the Borrower will not rent any of the units for a period of less than thirty (30) consecutive days, and none of the dwelling units in the Project will at any time be leased or rented for use as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or use, and the Borrower will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period (except that the Borrower may obtain final map approval and the Final Subdivision Public Report from the California Department of Real Estate and may file a condominium plan with the City of Walnut Creek).

(e) All of the dwelling units in the Project will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, on a first-come first-served basis, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except (i) not more than one unit may be set aside for resident manager or other administrative use, (ii) to the extent that dwelling units are required to be leased or rented to Low Income Tenants hereunder, and (iii) to the extent units in the Project are required to be leased to seniors or otherwise pursuant to the documents evidencing and otherwise related to the Subordinate Debt.

(f) The Project site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) The Borrower shall not discriminate on the basis of race, creed, color, sex, source of income (e.g. AFDC, SSI), physical disability, age (except as may be required under any of the documents described in Section 3(e)(iii)), national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(h) No dwelling unit in the Project shall be occupied by the Borrower. Notwithstanding the foregoing, if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of dwelling units by one or more resident managers or maintenance personnel any of whom may be the Borrower; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of dwelling units in the Project.

(i) The Borrower will not sell dwelling units within the Project.

(j) In accordance with Section 147(b) of the Code, the average maturity of the Governmental Lender Note does not exceed 120% of the average reasonably expected remaining economic life of the facilities being financed by the Governmental Lender Note.

(k) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Governmental Lender from enforcing the requirements of the applicable Regulations, or condemnation or similar event, the Borrower covenants that, within a "reasonable period" determined in accordance with the applicable Regulations, it will either prepay the Borrower Loan or, if permitted under the provisions of the Borrower Loan Agreement, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the applicable Regulations.

The Governmental Lender hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code.

Section 4. Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period, not less than forty percent (40%) of the units in the Project will be occupied by, or held vacant and available for occupancy by, Low Income Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

Notwithstanding the foregoing provisions of this Section 4(a), the Borrower shall not be in default under such requirements so long as (i) the Borrower uses its best efforts to comply with such requirements as soon as practicable following the Closing Date, and (ii) any unit in the Project which becomes available for rental following the Closing Date is rented to a Low Income Tenant as necessary to satisfy the requirements of Section 4(a). In no event, however, shall the Borrower fail to comply with the foregoing provisions of this Section 4(a) of this Regulatory Agreement by December 1, 2016.

(b) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants. However, should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Tenant of the same household size, the next available unit of comparable or smaller size in the same building (within the meaning of Section 42 of the Code) must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant. Until such next available unit is rented to a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the Low Income Unit requirements of Section 4(a) hereof (but shall not be so deemed to continue to be a Low Income Tenant upon the rental of an available unit of comparable or smaller size to a tenant who is not a Low Income Tenant).

(c) For the Qualified Project Period, the Borrower will obtain, complete, and maintain on file Verification of Income certifications for each Low Income Tenant, including (i) a Verification of Income dated immediately prior to the initial occupancy of such Low Income Tenant in the Project, and (ii) thereafter, an annual Verification of Income with respect to each Low Income Tenant within thirty days before or after the anniversary of such tenant's initial occupancy of a unit in the Project. In lieu of obtaining an annual Verification of Income, the Borrower may, with respect to any particular twelve-month period ending December 1 of each year, deliver to the Administrator no later than fifteen (15) days after such date, a certification that as of the respective December 1, no unit in the Project was occupied within the preceding twelve (12) months by a new resident whose income exceeded the limit applicable to Low Income Tenants upon admission to the Project. The Administrator may at any time and in its sole and absolute

discretion notify the Borrower in writing that it will no longer accept certifications of the Borrower made pursuant to the preceding sentence and that the Borrower will thereafter be required to obtain annual Verifications of Income for tenants.

The Borrower also will provide such additional information as may be required in the future by the State of California, by the Governmental Lender, by CDLAC and by the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. Upon request of the Administrator or the Governmental Lender, copies of Verification of Income for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be submitted to the Administrator or the Governmental Lender, as requested.

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

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will permit any duly authorized representative of the Governmental Lender, the Administrator, the Funding Lender, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(e) The Borrower will prepare and submit quarterly, on or before each April 15 (for the quarterly period ending March 30), July 15 (for the quarterly period ending June 30), October 15 (for the quarterly period ending September 30) and January 15 (for the quarterly period ending December 31) during the Qualified Project Period rent rolls and other information required by the FOCUS Program. The Borrower will also prepare and submit quarterly, on or before each April 15 (for the quarterly period ending March 30), July 15 (for the quarterly period ending June 30), October 15 (for the quarterly period ending September 30) and January 15 (for the quarterly period ending December 31) during the Qualified Project Period to the Administrator (with a copy to the Funding Lender), a Certificate of Continuing Program Compliance executed by the Borrower stating (i) the percentage of the aggregate of the dwelling units of the Project which were occupied or deemed occupied, pursuant to subsection (a) hereof, by Low Income Tenants during the preceding applicable quarterly period; and (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, or (B) a default has occurred, in

which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Borrower to remedy such default.

During the Qualified Project Period, the Borrower shall submit a completed Internal Revenue Code Form 8703 or such other annual certification as required by the Code with respect to the Project, to the Secretary of the Treasury on or before March 31 of each year (or such other date as may be required by the Code).

(f) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the household income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Borrower, the Funding Lender or the Administrator on behalf of the Governmental Lender, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Borrower has relied on the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and that if upon any such certification such tenant's Adjusted Income exceeds the applicable Low Income Tenant income limit under Section 4(b), such tenant may cease to qualify as a Low Income Tenant, and such tenant's rent is subject to increase.

Section 4A. Additional Requirements of the Governmental Lender. In addition to the requirements set forth elsewhere in this Regulatory Agreement and to the extent not prohibited by the requirements set forth in Sections 4, 5 and 6 hereof, the Borrower hereby agrees to comply with each of the requirements of the Governmental Lender set forth in this Section 4A, as follows:

(a) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower and shall be maintained as required by the Governmental Lender, in a reasonable condition for proper audit and subject to examination upon reasonable notice (which need not be in excess of three Business Days, as defined in the Funding Loan Agreement) and during business hours by representatives of the Governmental Lender.

(b) The Borrower shall not discriminate on the basis of race, creed, color, religion, sex, sexual orientation, marital status, national origin, source of income (e.g. AFDC and SSI), ancestry or handicap in the lease, use or occupancy of the Project (except as required to comply with Section 3(e)(iii)), or in connection with the employment or application for employment of persons for the rehabilitation, operation, or management of the Project.

(c) The Borrower shall not permit occupancy in any unit in the Project by more than (i) two persons per bedroom in the unit, plus (ii) one person; and the Borrower shall at all times offer for rent the largest unit then available for the applicable household size (being one bedroom units for 2-3 person households, and two bedroom units for 4-5 person households).

(d) The Borrower shall pay directly to the Governmental Lender (i) on the Closing Date the Governmental Lender Issuance Fee and the Governmental Lender Annual Fee for the period from the Closing Date to but not including December 1, 2016, and (ii) on each December 1, on and after December 1, 2016, the Governmental Lender Annual Fee; without in either case any requirement for notice or billing of the amount due. In addition, the Borrower shall pay to the Governmental Lender promptly following receipt of an invoice that reasonably identifies the relevant expenses and the amounts thereof, any out of pocket expenses incurred by the Governmental Lender in connection with the Governmental Lender Note, the Funding Loan Agreement, this Regulatory Agreement or the Borrower Loan Agreement, including but not limited to any costs related to the FOCUS Program.

(e) The rent limits set forth in Sections 6(b) and 6(f) shall apply to all Low Income Units. In addition, the rental payments paid by Low Income Tenants for the Low Income Units shall not exceed Affordable Rents.

(f) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the Act, or its successor. The Borrower shall not apply selection criteria to Section 8 certificate or voucher holders that is more burdensome than criteria applied to all other prospective tenants, nor shall the Borrower apply or permit the application of management policies or lease provisions with respect to the Project which have the effect of precluding occupancy of units by such prospective tenants.

(g) The Borrower shall submit to the Governmental Lender: (i) rent rolls and other information required by the FOCUS Program on a quarterly basis as specified in Section 4(e), and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the Governmental Lender in order to comply with reporting requirements of the Internal Revenue Service or the State.

(h) The Borrower shall pay to the Governmental Lender, to the extent not paid pursuant to the Borrower Loan Agreement or the Funding Loan Agreement, all of the amounts required by Sections 2.5 and 5.14 of (and otherwise under) the Borrower Loan Agreement and shall indemnify the Governmental Lender as provided in Section 9 hereof and Section 5.15 of the Borrower Loan Agreement.

(i) The Governmental Lender may, at its option and at its expense, at any time appoint an Administrator to administer this Agreement or any provision hereof and to monitor performance by the Borrower of all or of any of the terms, provisions and requirements hereof. Following any such appointment, the Borrower shall comply with

any request by the Governmental Lender to deliver to such Administrator, in addition to or instead of the Governmental Lender, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by such administrator as an agent of the Governmental Lender.

(j) The Borrower shall submit its written management policies with respect to the Project, if any, to the Governmental Lender for its review, and shall amend such policies in any way necessary to insure that such policies comply with the provisions of this Regulatory Agreement and the requirements of the existing program under Section 8 of the Housing Law, or its successors. The Borrower shall not promulgate management policies which conflict with the provisions of the addendum to the form of lease for the Project prepared by the Housing Authority of Contra Costa County, and shall attach such addendum to leases for tenants which are holders of Section 8 certificates.

(k) The Borrower shall screen and select tenants for desirability and creditworthiness at its discretion; provided, however, that the Borrower shall consider a prospective tenant's rent history for at least the one year period prior to application as evidence of the tenant's ability to pay the applicable rent.

(l) At least six months prior to the expiration of the Qualified Project Period the Borrower shall provide by first-class mail, postage prepaid, a notice to all tenants in the Low Income Units containing (i) the anticipated date of the expiration of the Qualified Project Period, (ii) any anticipated rent increase upon the expiration of the Qualified Project Period, (iii) a statement that a copy of such notice will be sent to the Governmental Lender, and (iv) a statement that a public hearing may be held by the Governmental Lender on the issue and that the tenant will receive notice of the hearing at least fifteen (15) days in advance of any such hearing. The Borrower shall also file a copy of the above-described notice with the Community Development Bond Program Manager of the Department of Conservation and Development of the Governmental Lender.

(m) Notwithstanding Section 1461 of the Civil Code, the provisions of this Section shall run with land and may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Borrower's failure to comply with the provisions of this Section.

(n) The Borrower shall not participate in any refunding of the Governmental Lender Note or the Funding Loan by means of the issuance of bonds or other obligations by any governmental body other than the Governmental Lender.

(o) Each of the requirements of Sections 3, 4, 6 and 7 hereof is hereby incorporated as a specific requirement of the Governmental Lender, whether or not required by California or federal law.

(p) The requirements of Section 6 and this Section 4A shall be in effect for the Qualified Project Period.

Any of the foregoing requirements of the Governmental Lender contained in this Section 4A may be expressly waived by the Governmental Lender in writing, but (i) no waiver by the Governmental Lender of any requirement of this Section 4A shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Governmental Lender has received an opinion of Tax Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Governmental Lender Note for federal income tax purposes; and (ii) any requirement of this Section 4A shall be void and of no force and effect if the Governmental Lender and the Borrower receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Governmental Lender Note to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other State or federal law.

Section 5. Tax-Exempt Status of the Governmental Lender Note. The Borrower and the Governmental Lender, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Borrower and the Governmental Lender will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Governmental Lender Note and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower and the Governmental Lender will file of record such documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Borrower, the Governmental Lender and the Funding Lender, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth elsewhere in this Regulatory Agreement, so long as the Governmental Lender Note is outstanding the Borrower hereby agrees to comply with each of the requirements of the Act applicable to the Project. Without limiting the foregoing, the Borrower agrees as follows:

(a) As provided in Section 52080(a)(1)(B) of the Act, forty percent (40%) or more of the aggregate of the completed residential units in the Project shall be occupied by, or held vacant and available for occupancy by, lower income tenants within the meaning of Section 52080(a)(1) of the Act (it being acknowledged that units required to be set aside for Low Income Tenants pursuant to Section 4(a) may be counted for purposes of satisfying the requirements of this Section 6(a) if the related Low Income Tenants otherwise satisfy the requirements of this Section 6(a)).

(b) The rental payments paid by the occupants of the units described in paragraph (a) of this Section (excluding any supplemental rental assistance from the state, the federal government, or any other public agency to those occupants or on behalf of those units) shall not exceed thirty percent of sixty percent (60%) of area median income.

(c) The Borrower shall accept as tenants, on the same basis as all other prospective tenants, Low Income Tenants who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Law. The selection criteria applied to certificate holders under Section 8 of the Housing Law shall not be more burdensome than the criteria applied to all other prospective tenants.

(d) The Borrower shall ensure that units occupied as required by paragraph (a) of this Section are of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants.

(e) As provided in Section 52080(e) of the Act, the Project may be syndicated after prior written approval of the Governmental Lender. The Governmental Lender shall grant that approval only after it determines that the terms and conditions of the syndication (1) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (2) shall not cause any of the requirements in this Agreement to be subordinated to the syndication agreement, or (3) shall not result in the provision of fewer assisted units, or the reduction of any benefits or services, than were in existence prior to the syndication agreement. The Governmental Lender hereby acknowledges that this Section 6(e) does not apply to the syndication of federal tax credits for the Project as contemplated by the Borrower's partnership agreement.

(f) Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Governmental Lender Note, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units required to be reserved for occupancy pursuant to Section 6(a) shall remain available to any eligible household occupying a reserved unit at the date of such expiration or termination, at a rent not greater than the amount required by Section 6(b), until the earliest of any of the following occur:

(1) The household's income exceeds one hundred-forty percent (140%) of the maximum eligible income specified in Section 6(a).

(2) The household voluntarily moves or is evicted for "good cause." "Good cause" for the purposes of this section means the nonpayment of rent or allegation of facts necessary to prove major, or repeated minor, violations of material provisions of the occupancy agreement which detrimentally affect the health, safety, occupancy or quiet enjoyment of other persons or the structure, the fiscal integrity of the Project, or the purposes or special programs of the Project.

(3) Thirty years after the date of commencement of the Qualified Project Period.

(4) The Borrower pays the relocation assistance and benefits to tenants as provided in subdivision (b) of Section 7264 of the Government Code.

(g) Except in the event of foreclosure and prepayment of the Governmental Lender Note, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, during the three years prior to expiration of the Qualified Project Period, the Borrower shall continue to make available to eligible households reserved units that have been vacated to the same extent that nonreserved units are made available to noneligible households.

(h) This Section shall not be construed to require the Governmental Lender to monitor the Borrower's compliance with the provisions of paragraph (f), or that the Governmental Lender shall have any liability whatsoever in the event of the failure by the Borrower to comply with any of the provisions of this Agreement.

(i) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Borrower.

(j) This Regulatory Agreement shall be recorded in the office of the county recorder of the County, and shall be recorded in the grantor-grantee index to the names of the Borrower as grantor and to the name of the Governmental Lender as grantee.

Section 7. CDLAC Requirements. The acquisition, rehabilitation and operation of the Project and the financing thereof are and shall be in compliance with the conditions set forth in Exhibit A to the CDLAC Resolution (the "CDLAC Conditions"), as it may be amended, which conditions are incorporated herein by reference and are made a part hereof; provided, however, the Governmental Lender shall have no obligation under this Regulatory Agreement to monitor and enforce the Borrower's compliance with the CDLAC Conditions. The Borrower shall prepare and submit to CDLAC (with a copy to the Governmental Lender), at the times required by CDLAC, a Certificate of Compliance in substantially the form attached hereto as Exhibit B hereto (or in such other form as CDLAC may require), executed by an authorized representative of the Borrower.

The Borrower acknowledges that the CDLAC Conditions include the following:

(a) 35 of the units in the Project be restricted for a term of 55 years, 8 of which units must be rented or held vacant and available for rental for persons or families whose income is at 50% or below of the Area Median Gross Income, and 27 of which units must be rented or held vacant and available for rental by persons or families whose income is at 60% or below of Area Median Gross Income.

(b) A minimum of \$512,567 of public funds will be expended for the Project.

(c) The Project and/or the financing must comply with the requirements in paragraphs 13, 15, 17, 18 and 32a. of Exhibit A to the CDLAC Resolution.

(d) The Project must meet certain sustainable building standards utilizing certain landscaping and rehabilitation materials, as more fully provided in paragraph 27 of Exhibit A to the CDLAC Resolution.

The Borrower will promptly provide any information reasonably requested by the Governmental Lender in order for the Governmental Lender to comply with any regulations of CDLAC applicable to the CDLAC Resolution, the CDLAC Conditions, the Governmental Lender Note or the Project, including but not limited to Section 5144 of Article 11 of the CDLAC regulations.

The Borrower will promptly provide any information requested by the Governmental Lender in order for the Governmental Lender to complete any Annual Applicant Public Benefit and On-going Compliance Self Certification or otherwise to comply with any regulations of CDLAC applicable to the CDLAC Resolution, the CDLAC Conditions or the Project, including but not limited to Section 5144 of Article 11 of the CDLAC regulations.

The requirements of this Section 7 may be waived in writing by CDLAC in its sole and absolute discretion, without the consent of the Governmental Lender or the Funding Lender. CDLAC and the Governmental Lender each shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity, provided that any such action or remedy shall not materially adversely affect the interests and rights of the owner of the Governmental Lender Note.

Section 8. Modification of Covenants. The Borrower and the Governmental Lender hereby agree as follows:

(a) To the extent any amendments to the Act, the CDLAC Conditions, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the Governmental Lender, the Funding Lender and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the CDLAC Conditions, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Tax Counsel filed with the Governmental Lender, the Funding Lender and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements, but only by written amendment signed by the Governmental Lender, in its sole discretion, and the Borrower, and only upon receipt by the Governmental Lender of the written opinion of Tax Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Governmental Lender Note or violate the requirements of the Act, and is otherwise in accordance with Section 22 hereof.

(c) The Borrower and the Governmental Lender shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and each of the Borrower and the Governmental Lender hereby appoints the Funding Lender as its true and lawful attorney-in-fact to execute, deliver

and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved by Tax Counsel, as evidenced by receipt of the opinion required by paragraph (b) above) if either the Borrower or the Governmental Lender defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Governmental Lender or the Borrower, the Funding Lender shall take no action under this subsection (c) without first notifying the Borrower or the Governmental Lender, or both of them, as is applicable, and without first providing the Borrower or the Governmental Lender, or both, as is applicable, an opportunity to comply with the requirements of this Section 8. Nothing in this subsection (c) shall be construed to allow the Funding Lender to execute an amendment to this Regulatory Agreement on behalf of the Governmental Lender.

Notwithstanding any other provision of this Regulatory Agreement, whenever an opinion of Tax Counsel is required or requested to be delivered hereunder after the Closing Date, the Funding Lender, the Governmental Lender and the Borrower shall accept (unless otherwise directed in writing by the Governmental Lender) an opinion of Tax Counsel in such form and with such disclaimers as may be required so that such opinion will not be treated as a “covered opinion” for purposes of the Treasury Department regulations governing practice before the Internal Revenue Service (Circular 230), 31 CFR Part 10.

Section 9. Indemnification.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Funding Lender, the Administrator and each of their respective past, present and future officers, members of the Governmental Lender’s Board of Supervisors, directors, officials, employees and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Governmental Lender Note, the Funding Loan Agreement, the Funding Loan, the Borrower Loan Agreement, the Borrower Loan, this Regulatory Agreement or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Governmental Lender Note or any interest therein;

(ii) any act or omission of the Borrower or any of its agents, contractors, servants, employees, tenants) or licensees in connection with the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or rehabilitation of, the Project or any part thereof;

(iii) any lien or charge upon payments by the Borrower to the Governmental Lender and the Funding Lender hereunder or under the Borrower Loan Agreement, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project;

(iv) any violation of Article V of the Borrower Loan Agreement;

(v) the defeasance and/or prepayment, in whole or in part, of any of the Governmental Lender Note;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for any Governmental Lender Note or any of the documents relating to the Governmental Lender Note, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for any of the Governmental Lender Note of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on any of the Governmental Lender Note, or allegations that interest on a Governmental Lender Note is taxable or any regulatory audit or inquiry regarding whether interest on a Governmental Lender Note is taxable; or

(viii) the Funding Lender's administration of the Borrower Loan Documents, or the exercise or performance of any of its powers or duties thereunder or under any of the Funding Loan Documents;

except (A) in the case of the foregoing indemnification of the Funding Lender or any of its respective officers, directors, officials, employees and agents, to the extent such damages are caused by the gross negligence or willful misconduct of an Indemnified Party; or (B) in the case of the foregoing indemnification of the Governmental Lender or any of its officers, members of its Board of Supervisors, officials, employees and agents, to the extent, with respect to any such Indemnified Party, such damages are caused by the willful misconduct of the respective Indemnified Party seeking indemnification. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such

Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4A(a), this Section 9 and Section 20 shall survive the final payment or defeasance of the Governmental Lender Note and in the case of the Funding Lender any resignation or removal. The provisions of this Section shall survive the termination of this Regulatory Agreement.

(c) Nothing contained in this Section 9 shall cause the obligation of the Borrower to pay principal and interest on the Borrower Loan or amounts owing with respect to the Borrower Note to be a recourse obligation of the Borrower.

(d) The obligations of the Borrower under this Section are independent of any other contractual obligation of the Borrower to provide indemnity to the Governmental Lender or otherwise, and the obligation of the Borrower to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Borrower. The Governmental Lender shall be entitled simultaneously to seek indemnity under this Section and any other provision under which it is entitled to indemnity.

Section 10. Consideration. The Governmental Lender has agreed to issue the Governmental Lender Note to provide funds to lend to the Borrower to finance the acquisition and rehabilitation of the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and operate the Project. In consideration of the issuance of the Governmental Lender Note by the Governmental Lender, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which the Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Governmental Lender and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Governmental Lender Note, in the exemption from State personal income taxation of interest on the Governmental Lender Note and in the Tax-Exempt status of the interest on the Governmental Lender Note. In performing their duties and obligations hereunder, the Governmental Lender, the Funding Lender and the Administrator may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Governmental Lender, the Funding Lender and the Administrator may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender, the Funding Lender or the Administrator hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Regulatory Agreement, the Governmental Lender shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Governmental Lender or the Funding Lender by the Borrower with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Sale or Transfer of the Project. For the Qualified Project Period, the Borrower shall not, except as provided below and in accordance with the Borrower Loan Agreement and the Security Instrument, sell, transfer or otherwise dispose of the Project, in whole or in part, without the prior written consent of the Governmental Lender, which consent shall be given as promptly as practicable following: (A) the receipt by the Governmental Lender of evidence acceptable to the Governmental Lender that (1) the Borrower shall not be in default hereunder or under the Borrower Loan Agreement (which may be evidenced by a certificate of the Borrower) or the purchaser or assignee undertakes to cure any defaults of the Borrower to the reasonable satisfaction of the Governmental Lender; (2) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (3) either (a) the purchaser or assignee or its property manager has at least three years' experience in the ownership, operation and management of similar size, rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects contained below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local government requirements applicable to such projects, or (b) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (a) above, or (c) the transferring Borrower or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities relating to the Low Income Units; and (4) the person or entity which is to acquire the Project does not have pending against it, and does not have a history of, building code violations or significant and material complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (B) the execution by the purchaser or assignee of any document requested by the Governmental Lender with respect to the assumption of the Borrower's obligations under this Regulatory Agreement and the Borrower Loan Agreement, including without limitation an instrument of assumption hereof, and delivery to the Governmental Lender of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee; (C) receipt by the Governmental Lender of an opinion of Tax Counsel addressed to the Governmental Lender and the Funding Lender to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Governmental Lender Note; (D) receipt by the Governmental Lender and Funding Lender of all fees and/or expenses then currently due and payable to the Governmental Lender and Funding Lender; (E) satisfaction of such other conditions or matters as are set forth in the Borrower Loan Agreement and the Security Instrument; and (F) such other conditions are met as the Governmental Lender may reasonably impose. The Governmental Lender hereby consents to a transfer of the Project by the Borrower to its general partner or its affiliate, if the Governmental Lender receives the documents listed in the preceding sentence. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Borrower, and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Nothing in this Section shall affect any provision of any other document or instrument between the Borrower and any other party which requires the Borrower to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Upon any sale or other transfer which complies with this Regulatory Agreement, the Borrower shall be fully and automatically released from its obligations hereunder to the extent such obligations have been assumed by the transferee of the

Project. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 12, except that no consent of the Governmental Lender shall be required in the case of any transfer of the Project to a general partner of the Borrower or an affiliate of a general partner of the Borrower if any applicable conditions set forth in the Borrower Loan Agreement and any conditions set forth in the Security Instrument are satisfied and, in any event, the Borrower notifies the Governmental Lender in writing of any such transfer.

Notwithstanding anything contained in this Section 12 to the contrary, neither the consent of the Governmental Lender nor the delivery of items (A) through (F) of the preceding paragraph shall be required in the case of (a) the execution, delivery and recordation by Borrower of any mortgage or deed of trust encumbering all or any part of the Project, or (b) a foreclosure or deed in lieu of foreclosure by the Funding Lender whereby the Funding Lender or a purchaser at a foreclosure sale becomes the owner of the Project, and nothing contained in this Section 12 shall otherwise affect the right of the Funding Lender or a purchaser at a foreclosure sale to foreclose on the Project or to accept a deed in lieu of foreclosure. The Governmental Lender's consent otherwise required by item (A) of the preceding paragraph shall not be required in connection with any purchase of the Project by a partner of the Borrower as allowed for in the Borrower's partnership agreement. In addition, the provisions of this Section 12 shall not apply to (i) the replacement of the managing general partner of the Borrower by an entity formed by or that is a subsidiary of the initial managing general partner of the Borrower, (ii) the withdrawal of any limited partner of the Borrower from its partnership, (iii) any transfer of limited partnership interest in the Borrower and the admission of a substitute limited partner, (iv) any transfer of direct or indirect interests in any limited partner of the Borrower, or (v) any transfer of interests pursuant to the provisions of the Borrower's partnership agreement as in effect from time to time, including but not limited to the removal of a general partner of the Borrower and replacement thereof by an affiliate of a limited partner of the Borrower pursuant to the Borrower's partnership agreement; provided, however, that the Governmental Lender shall receive notice from the Borrower of any transfer of general partner interests.

For the Qualified Project Period, the Borrower shall not: (1) except pursuant to the provisions of this Regulatory Agreement, the Borrower Loan Agreement and the Security Instrument (and upon receipt by the Borrower of an opinion of Tax Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Governmental Lender Note), or except upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement, subordinate or encumber any of the Project or grant commercial leases (not including any laundry, cable, management office equipment, resident service (including but not limited to convenience vending, or satellite television) or similar or related leases) of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases); (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except to the extent that what is removed is replaced with comparable property; or (3) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Section 13. Term. This Regulatory Agreement shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein and shall terminate as to any provision not otherwise provided with a specific termination date and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and

understood that the provisions hereof are intended to survive the retirement of the Governmental Lender Note and discharge of the Funding Loan Agreement, the Borrower Loan Agreement and the Security Instrument.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date that prevents the Governmental Lender and the Funding Lender from enforcing such provisions, or condemnation, foreclosure, transfer of title by deed in lieu of foreclosure, or a similar event, but only if, within a reasonable period, either the Governmental Lender Note is fully prepaid and no further amounts are owing in respect of the Funding Loan or amounts received as a consequence of such event are used to provide a project which meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

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

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

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

Section 17. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of thirty (30) days after notice thereof shall have been given by the Governmental Lender or the Funding Lender to the Borrower (with a copy to the Equity Investor), or for a period of thirty (30) days from the date the Borrower should, with due diligence, have discovered such default, then the Governmental Lender or the Funding Lender, acting on its own behalf or on behalf of the Governmental Lender (to the extent directed in writing by the Governmental Lender, subject to the provisions of the Funding Loan Agreement), shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within thirty (30) days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said thirty (30) days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Tax Counsel, the failure to cure said default within thirty (30) days will not adversely affect the Tax-Exempt status of interest on the Governmental Lender Note. The Governmental Lender and the Funding Lender shall have the right to enforce the obligations of the Borrower under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary in the opinion of Tax Counsel to insure compliance with the Act or the Code.

Any limited partner of the Borrower (including the Equity Investor) shall have the right but not the obligation to cure any Event of Default, and the Governmental Lender and the Funding Lender agree to accept any cure tendered by any such limited partner on behalf of the Borrower within any cure period specified above.

Following the declaration of an Event of Default hereunder the Governmental Lender, or the Funding Lender may, at their respective options, take any one or more of the following steps, in addition to all other remedies provided by law or equity:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Governmental Lender or the Funding Lender hereunder;

- (ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project;

- (iii) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder;

- (iv) declare a default under the Borrower Loan Agreement and (subject to any applicable cure periods set forth in the Borrower Loan Agreement) proceed with any remedies provided therein; or

(v) order and direct the Borrower in writing to terminate the then Manager of the Project and to select a replacement Manager reasonably satisfactory to the Governmental Lender within 60 days of such written direction, and to notify the Governmental Lender in writing of the identity of the replacement Manager.

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

The Funding Lender shall have the right (but no obligation), in accordance with this Section and the provisions of the Funding Loan Agreement, without the consent or approval of the Governmental Lender, to exercise any or all of the rights or remedies of the Governmental Lender hereunder; provided that prior to taking any such action the Funding Lender shall give the Governmental Lender written notice of its intended action. After the Funding Loan Agreement has been discharged, the Governmental Lender may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Funding Lender.

All fees, costs and expenses of the Funding Lender and the Governmental Lender incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

No breach or default under this Regulatory Agreement shall defeat or render invalid the Security Instrument or any like encumbrance upon the Project or any portion of either thereof given in good faith and for value.

Section 18. References to Funding Lender. After the date on which the Funding Loan has been paid in full, all references to the Funding Lender in this Regulatory Agreement shall be deemed references to the Governmental Lender.

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

(b) The Borrower and the Governmental Lender will file of record such other documents and take such other steps as are necessary, in the written opinion of Tax Counsel filed with the Governmental Lender and the Funding Lender, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(c) The Borrower hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person (other than in any document granting a security interest to the Funding Lender and, provided, however, that no such assignment shall be required in connection with the transfer of the Project to the Funding Lender by foreclosure, deed in lieu of foreclosure

or comparable conversion of the Borrower Loan) to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. Payment of Administration Fees. Notwithstanding any prepayment of the Borrower Loan and notwithstanding a discharge of the Borrower Loan Agreement, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Governmental Lender its fees described in Section 4.A.(d) and in the event of default, to the Administrator, the Governmental Lender and to the Funding Lender reasonable compensation for any services rendered by any of them hereunder and reimbursement for all expenses reasonably incurred by any of them in connection therewith.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State.

Section 22. Amendments; Waivers. (a) Except as otherwise provided in Section 8 above, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County, and only upon receipt by the Governmental Lender of an opinion from Tax Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Governmental Lender Note and is not contrary to the provisions of the Act.

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

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

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

If to the Governmental Lender or the Administrator:	County of Contra Costa Department of Conservation and Development 30 Muir Road Martinez, California 94553 Attention: Community Development Bond Program Manager
If to the Funding Lender:	Citibank, N.A. 390 Greenwich Street, 2nd Floor New York, New York 10013 Attention: Transaction Management Group
and to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/ Asset Manager
prior to the Conversion Date, with a copy to:	Citibank, N.A. 390 Greenwich Street New York, New York 10013 Attention: Account Specialist
following the Conversion Date with a copy to:	Citibank, N.A., ISAOA c/o Berkadia Commercial Servicing Department P.O. Box 557 Ambler, Pennsylvania 19022 Attention: Client Relations Manager
and a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street, 17 th Floor New York, New York 10013 Attention: General Counsel's Office
If to the Borrower:	Oaks II, L.P. c/o EAH Inc. 2169 East Francisco Boulevard, Suite B San Rafael, CA 94901 Attention: Errol Dominguez Phone: (415) 295-8855 Facsimile: (415) 453-4927

with a copy to:

Bocarsly, Emden, Cowan, Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Nicole Deddens, Esq.
Phone: (213) 239-8029
Facsimile: (213) 559-0751

If to the Equity Investor:

Merritt Community Capital Fund XVIII, L.P.
c/o Merritt Community Capital Corporation
1970 Broadway, Suite 250
Oakland, CA 94612
Attention: Karen Smyda
Phone: (510) 444-7870

with a copy to:

Carle Mackie Power & Ross LLP
100 B Street, Suite 400
Santa Rosa, CA 95401-6376
Attention: Henry Loh III, Esq.
Phone: (707) 526-4200
Facsimile: (707) 526-4707

The Governmental Lender, the Administrator, the Funding Lender and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission.

Section 24. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

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

Section 26. Third Party Beneficiaries; Enforcement. The Funding Lender, the Administrator, the Equity Investor and CDLAC are intended to be and shall each be a third party beneficiary of this Regulatory Agreement. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions (as defined in Section 7) and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the owner or owners of the Governmental Lender Note. Pursuant to Section 52080(k) of the Act, the requirements of Section 6 may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Borrower's failure to comply with the requirements of that Section.

Section 27. The Funding Lender. The Funding Lender shall be entitled, but shall have no duty, to act with respect to enforcement of the Borrower's performance hereunder. The Funding Lender, either on its own behalf or as the agent of and on behalf of the Governmental Lender, may, in its sole discretion, act hereunder and any act required to be performed by the Governmental Lender as herein provided shall be deemed taken if such act is performed by the Funding Lender. In connection with any such performance, all provisions of the Funding Loan Agreement and the Borrower Loan Agreement relating to the rights, privileges, powers and protections of the Funding Lender shall apply with equal force and effect to all actions taken (or omitted to be taken) by the Funding Lender in connection with this Regulatory Agreement. Neither the Funding Lender nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its or their own negligence or willful misconduct. The Funding Lender may consult with legal counsel selected by it (the reasonable fees of which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it. The Funding Lender may at all times assume compliance with this Regulatory Agreement unless otherwise notified in writing by or on behalf of the Governmental Lender, or unless it has actual knowledge of noncompliance.

After the date the Governmental Lender Note no longer remains outstanding as provided in the Funding Loan Agreement, the Funding Lender shall have no further rights, duties or responsibilities under this Regulatory Agreement, and all references to the Funding Lender in this Regulatory Agreement shall be deemed references to the Governmental Lender.

Section 28. No Interference or Impairment of Loan. Notwithstanding anything herein to the contrary, (i) the occurrence of an event of default under this Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Borrower Loan Documents, except as may be otherwise specified in the Borrower Loan Documents, and shall not impair, defeat or render invalid the lien of the Security Instrument and (ii) neither of the Governmental Lender nor any other person shall:

- (a) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due and payable under, the Borrower Loan;

- (b) interfere with or attempt to interfere with or influence the exercise by the Funding Lender of any of its rights under the Borrower Loan Agreement, including, without limitation, the Funding Lender remedial rights under the Borrower Loan Documents upon the occurrence of an event of default by the Borrower under the Borrower Loan Agreement; or

- (c) upon the occurrence of an event of default under the Borrower Loan Agreement, take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan, it being understood and agreed that the Governmental Lender may not, without the prior written consent of the Funding Lender, on account of any default under this Regulatory Agreement, seek, in any manner, to cause the Borrower Loan to become due and payable, to enforce the Borrower Loan Agreement or to foreclose on the Security Instrument or cause the Funding Lender to foreclose or take

any other action under the Borrower Loan Documents, the Funding Loan Documents or any other documents which action would or could have the effect of achieving any one or more of the foregoing actions, events or results.

No person other than the Funding Lender shall have the right to declare the principal balance of the Borrower Loan to be immediately due and payable or to initiate foreclosure or other like action.

The forgoing prohibitions and limitations shall not in any way limit the rights of the Governmental Lender to specifically enforce this Regulatory Agreement or to seek injunctive relief in order to provide for the operation of the Project in accordance with the requirements of the Code and the Act, and shall not be construed to limit the rights of the Governmental Lender to enforce its rights against the Borrower under the indemnification provisions of the Regulatory Agreement provided that the prosecution of a claim for indemnification shall not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

Notwithstanding the above, the provisions of this Section 28 shall not in any way limit or alter the Governmental Lender's authority, power or activities as a governmental regulatory agency pursuant to applicable laws and regulations relating to the Project or otherwise.

Section 29. Limitation on Borrower Liability. Notwithstanding any other provision or obligation to the contrary contained in this Regulatory Agreement, and except for the Borrower's obligations under Sections 9 and 20 of this Regulatory Agreement (which are not subject to the provisions and limitations of this Section 29) (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Funding Lender or the Governmental Lender and their successors and assigns, is limited to the Borrower's interest in the Project, the revenues therefrom, including the amount held in the funds and accounts created under the Funding Loan Agreement and the Borrower Loan Documents, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to the Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Funding Loan Agreement and the Borrower Loan Documents, any rights of the Borrower under the Funding Loan Agreement and the Borrower Loan Documents or any other documents relating to the Governmental Lender Note or any rights of the Borrower under any guarantees relating to the Project), its partners, successors, transferees or assigns and each their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Borrower Loan Agreement or any agreement securing the

obligations of the Borrower under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Section 30. Limited Liability. All obligations of the Governmental Lender incurred under this Regulatory Agreement shall be limited obligations, payable solely and only from Funding Loan proceeds and other amounts derived by the Governmental Lender from the Borrower Loan or otherwise under the Borrower Loan Agreement.

Section 31. Conflict With Other Affordability Agreements. In the event of any conflict between the provisions of this Regulatory Agreement and any agreement referenced in Section 3(e)(iii) hereof, the provisions providing for the most affordable units, with the most affordability, in the Project shall prevail, so long as at all times the requirements of Section 2, 3, 4, 4A, 6 and 7 of this Regulatory Agreement are in any event satisfied. Notwithstanding the foregoing, a breach or default under any agreement referenced in Section 3(e)(iii) hereof shall not, in itself, constitute a breach or a default under this Regulatory Agreement.

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

COUNTY OF CONTRA COSTA

By: _____

John Kopchik,
Director, Department of
Conservation and Development

OAKS II, L.P.,
a California limited partnership

By: Oaks EAH, LLC,
a California limited liability company,
its sole and managing general partner

By: Three Oaks Family Homes, Inc.,
a California nonprofit public benefit
corporation, its sole member

By: _____

Name: _____

Title: _____

[Signature Page to Regulatory Agreement – The Oaks Apartments]

NOTARY ACKNOWLEDGMENT

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

State of California

County of _____

} SS.

On _____, before me, _____
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

NOTARY ACKNOWLEDGMENT

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

State of California

County of _____

} ss.

On _____, before me, _____
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared _____
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ [Seal]
Notary Public

EXHIBIT A

DESCRIPTION OF PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF WALNUT CREEK, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

[to come]

EXHIBIT B

FORM OF CERTIFICATE OF COMPLIANCE (CDLAC RESOLUTION)

Project Name: The Oaks Apartments

(If project has changed name since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: County of Contra Costa

CDLAC Application No.: 15-404

Pursuant to Section 13 of Resolution No. 15-101 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 16, 2015, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new rehabilitation and rehabilitation projects as evidenced by attached the applicable third party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under rehabilitation or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

EXHIBIT C

COMPLETION CERTIFICATE

The undersigned hereby certifies that the acquisition and rehabilitation of the Project was substantially completed as of _____.

The undersigned hereby further certifies that:

(1) the aggregate amount disbursed on the Borrower Loan to date is \$_____;

(2) all amounts disbursed on the Borrower Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Borrower Loan have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs;

(3) at least ninety-five percent (95%) of the amounts disbursed on the Borrower Loan have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs, and less than 25 percent of all such disbursements have been used for the acquisition of land or an interest therein; and

(4) the Borrower is in compliance with the provisions of Section 5.34 of the Borrower Loan Agreement.

Capitalized terms used in this Completion Certificate have the meanings given such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2015, between Oaks II, L.P., a California limited partnership and the County of Contra Costa, California.

OAKS II, L.P., a California limited partnership

By: _____

Its: _____

EXHIBIT D

[INTENTIONALLY OMITTED]

EXHIBIT E

FORM OF VERIFICATION OF INCOME

TENANT INCOME CERTIFICATION

☐ Initial Certification ☐ 1st Recertification ☐ Other:

Effective Date:
Move-in Date:
(YYYY-MM-DD)

PART I - DEVELOPMENT DATA

Property Name: The Oaks Apartments County: Contra Costa BIN #:
Address: 3073 North Main Street, Walnut Creek, CA Unit Number: # Bedrooms:

PART II. HOUSEHOLD COMPOSITION

☐ Vacant

HH Mbr #	Last Name	First Name	Middle Initial	Relationship to Head of Household	Date of Birth (YYYY/MM/DD)	F/T Student (Y or N)	Last 4 digits of Social Security #
1				HEAD			
2							
3							
4							
5							
6							
7							

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$

Add totals from (A) through (D), above

TOTAL
INCOME (E):

\$

PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$	\$
Enter Column (H) Total If over \$5000 \$			Passbook Rate X 2.00%	= (J) Imputed Income \$

Enter the greater of the total of column I, or J: imputed income (K)	TOTAL INCOME FROM ASSETS	\$
(L) Total Annual Household Income from all Sources [Add (E) + (K)]		\$

Effective Date of Move-in Income Certification:

Household Size at Move-in Certification:

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

_____ Signature	_____ (Date)	_____ Signature	_____ (Date)
_____ Signature	_____ (Date)	_____ Signature	_____ (Date)

PART V. DETERMINATION OF INCOME ELIGIBILITYTOTAL ANNUAL HOUSEHOLD
INCOME FROM ALL SOURCES:
From item (L) on page 1

\$

Unit Meets Income
Restriction at:☐ 60% ☐ 50%☐ 40% ☐ 30%☐ %**RECERTIFICATION ONLY:**

Current Income Limit x 140%:

\$

Household Income exceeds 140%

at recertification:

☐ Yes ☐ No

Current Income Limit per Family Size: \$

Household Income at Move-in: \$

Household Size at Move-in:

in:

PART VI. RENT

Tenant Paid Rent \$

Utility Allowance \$

Rent Assistance: \$

Other non-optional charges: \$

GROSS RENT FOR UNIT:
(Tenant paid rent plus Utility Allowance &
other non-optional charges)

\$

Unit Meets Rent Restriction at:

☐ 60% ☐ 50% ☐ 40% ☐ 30% ☐ %

Maximum Rent Limit for this unit: \$

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

☐ yes☐ noIf yes, Enter student explanation*
(also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit ☐

See Part V above.

b. HOME ☐

Income Status

☐ ≤ 50% AMGI☐ ≤ 60% AMGI☐ ≤ 80% AMGI☐ OI**c. Tax Exempt ☐

Income Status

☐ 50% AMGI☐ 60% AMGI☐ 80% AMGI☐ OI**d. AHDP ☐

Income Status

☐ 50% AMGI☐ 80% AMGI☐ OI**e. ☐
(Name of Program)

Income Status

☐ _____☐ _____☐ OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE
--

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Project Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

*Move-in Date	Enter the date the tenant has or will take occupancy of the unit. (YYYY-MM-DD)
*Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification. (YYYY-MM-DD)
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the address of the building.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.
*Vacant Unit	Check if unit was vacant on December 31 of requesting year.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and last four digits of social security number or alien registration number for each occupant. If tenant does not have a Social Security Number (SSN) or alien registration number, please enter the numerical birth month and last two digits of birth year (e.g. birthday January 1, 1970, enter "0170"). If tenant has no SSN number or date of birth, please enter the last 4 digits of the BIN.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K)	Enter the greater of the total in Column (I) or (J)
Row (L)	Total Annual Household Income From all Sources Add (E) and (K) and enter the total
*Effective Date of Income Certification	Enter the effective date of the income certification corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the effective date listed in Part I.

*Household Size
at
Certification

Enter the number of tenants corresponding to the total annual household income entered in Box L. If annual income certification is not required, this may be different from the number of tenants listed in Part II.

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Limit per Family Size	Enter the Current Move-in Income Limit for the household size.
Household income at move-in Household size at move-in	For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
Current Income Limit x 140%	For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.
*Units Meets Income Restriction at	Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check “yes”. If at least one household member is not a full time student, check “no”.

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Full time is determined by the school the student attends.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Tenant Demographic Profile	Complete for each member of the household, including minors, for move-in. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.
Resident/Applicant Initials	All tenants who wish not to furnish supplemental information should initial this section. Parent/guardian may complete and initial for minor child(ren).

** Please note areas with asterisks are new or have been modified. Please ensure to note the changes or formats now being requested.*

TENANT INCOME CERTIFICATION QUESTIONNAIRE

Name: _____ Telephone Number: _____

()

<input type="checkbox"/> Initial Certification <input type="checkbox"/> Re-certification <input type="checkbox"/> Other	BIN # _____ Unit # _____
---	---------------------------------

INCOME INFORMATION

Yes	No	MONTHLY GROSS INCOME	
<input type="checkbox"/>	<input type="checkbox"/>	I am self employed. (List nature of self employment)	(use <u>net</u> income from business) \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I have a job and receive wages, salary, overtime pay, commissions, fees, tips, bonuses, and/or other compensation: List the businesses and/or companies that pay you: <div style="text-align: center;"> <u>Name of Employer</u> 1) _____ 2) _____ 3) _____ </div>	\$ _____ \$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive cash contributions of gifts including rent or utility payments, on an ongoing basis from persons not living with me.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive unemployment benefits.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Veteran's Administration, GI Bill, or National Guard/Military benefits/income.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive periodic social security payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	The household receives <u>unearned</u> income from family members age 17 or under (example: Social Security, Trust Fund disbursements, etc.).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Supplemental Security Income (SSI).	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive disability or death benefits other than Social Security.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive Public Assistance Income (examples: TANF, AFDC)	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I am entitled to receive child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I am currently receiving child support payments.	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	If yes, from how many persons do you receive support? _____	
<input type="checkbox"/>	<input type="checkbox"/>	I am currently making efforts to collect child support owed to me. List efforts being made to collect child support: _____ _____	
<input type="checkbox"/>	<input type="checkbox"/>	I receive alimony/spousal support payments	\$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive periodic payments from trusts, annuities, inheritance, retirement funds or pensions, insurance policies, or lottery winnings. If yes, list sources: 1) _____ 2) _____	\$ _____ \$ _____
<input type="checkbox"/>	<input type="checkbox"/>	I receive income from real or personal property.	(use <u>net</u> earned income) \$ _____

<input type="checkbox"/>	<input type="checkbox"/>	Student financial aid (public or private, not including student loans)	
		Subtract cost of tuition from Aid received	\$

Asset information

YES	NO		INTEREST RATE	CASH VALUE
<input type="checkbox"/>	<input type="checkbox"/>	I have a checking account(s). If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a savings account(s) If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a revocable trust(s) If yes, list bank(s) 1)	%	\$
<input type="checkbox"/>	<input type="checkbox"/>	I own real estate. If yes, provide description:		\$
<input type="checkbox"/>	<input type="checkbox"/>	I own stocks, bonds, or Treasury Bills If yes, list sources/bank names 1) 2) 3)	% % %	\$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have Certificates of Deposit (CD) or Money Market Account(s). If yes, list sources/bank names 1) 2) 3)	% % %	\$ \$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have an IRA/Lump Sum Pension/Keogh Account/401K. If yes, list bank(s) 1) 2)	% %	\$ \$
<input type="checkbox"/>	<input type="checkbox"/>	I have a whole life insurance policy. If yes, how many policies		\$
<input type="checkbox"/>	<input type="checkbox"/>	I have cash on hand.		\$
<input type="checkbox"/>	<input type="checkbox"/>	I have disposed of assets (i.e. gave away money/assets) for less than the fair market value in the past 2 years. If yes, list items and date disposed: 1) 2)		\$ \$

STUDENT STATUS

YES NO

<input type="checkbox"/>	<input type="checkbox"/>	Does the household consist of all persons who are <u>full-time</u> students (Examples: College/University, trade school, etc.)?
<input type="checkbox"/>	<input type="checkbox"/>	Does the household consist of all persons who have been a <u>full-time</u> student in the previous 5 months?
<input type="checkbox"/>	<input type="checkbox"/>	Does your household anticipate becoming an all full-time student household in the next 12 months?
<input type="checkbox"/>	<input type="checkbox"/>	If you answered yes to any of the previous three questions are you:
<input type="checkbox"/>	<input type="checkbox"/>	<ul style="list-style-type: none">• Receiving assistance under Title IV of the Social Security Act (AFDC/TANF/Cal Works - not SSA/SSI)• Enrolled in a job training program receiving assistance through the Job Training Participation Act (JTPA) or other similar program• Married and filing (or are entitled to file) a joint tax return• Single parent with a dependant child or children and neither you nor your child(ren) are dependent of another individual• Previously enrolled in the Foster Care program (age 18-24)
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PRESENTED ON THIS FORM IS TRUE AND ACCURATE TO THE BEST OF MY/OUR KNOWLEDGE. THE UNDERSIGNED FURTHER UNDERSTANDS THAT PROVIDING FALSE REPRESENTATIONS HEREIN CONSTITUTES AN ACT OF FRAUD. FALSE, MISLEADING OR INCOMPLETE INFORMATION WILL RESULT IN THE DENIAL OF APPLICATION OR TERMINATION OF THE LEASE AGREEMENT.

PRINTED NAME OF APPLICANT/TENANT_____
SIGNATURE OF APPLICANT/TENANT_____
DATE_____
WITNESSED BY (SIGNATURE OF OWNER/REPRESENTATIVE)_____
DATE

EXHIBIT F

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

GOLDEN OAK MANOR

Witnesseth that on this ____ day of _____, 20__, the undersigned, having borrowed certain funds from the County of Contra Costa, California (the "Governmental Lender") for the purpose of financing the above-listed multifamily rental housing development (the "Project"), does hereby certify that:

A. During the preceding twelve-months (i) the Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Governmental Lender, (ii) ____% of the units in the Project were occupied by Low Income Tenants (minimum of 40%).

B. Set forth below is certain information regarding occupancy of the Project as of the date hereof.

1. Total Units: _____
2. Total Units Occupied: _____
3. Total Units Held Vacant and Available for Rent
to Low Income Tenants _____
4. Total Low Income Units Occupied: _____
5. % of Low Income Units to Total Units % _____%
(equals the Total of Lines 3 and 4, divided by the
lesser of Line 1 or Line 2)

C. The units occupied by Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project.

D. Select appropriate certification: [No unremedied default has occurred under the Regulatory Agreement, the Borrower Note, Borrower Loan Agreement or the Security Instrument.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

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

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to such terms in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2015, between the Governmental Lender and Oaks II, L.P., a California limited partnership.

Date: _____

OAKS II, L.P., a California limited partnership

By: _____

Its: _____