

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") is made and entered into as of _____, 2016, by and among the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (the "Issuer"), WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bondowner Representative"), and TABORA GARDENS, L.P., a California limited partnership (the "Borrower").

WITNESSETH:

WHEREAS, the Issuer is a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California (the "State"); and

WHEREAS, pursuant to Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code, and all laws supplementary thereto and amendatory thereof (the "Act"), the Issuer is authorized and empowered to issue revenue bonds and apply the proceeds to make loans for the construction and development of qualifying housing developments; and

WHEREAS, Borrower has requested the Issuer to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Tabora Gardens Senior Apartments), Series 2016D (the "Bonds") in the original aggregate principal amount of \$ _____.00 for the purpose of making a loan (the "Loan") to finance, in part, the construction of a multifamily housing project known as Tabora Gardens Senior Apartments (the "Project" or the "Improvements") on property (the "Property") owned by Borrower and located in Antioch, California, as more specifically described on Exhibit A hereto; and

WHEREAS, the Bonds shall be issued pursuant to that certain Indenture of Trust of even date herewith (the "Indenture"), by and between the Issuer and Bondowner Representative; and

WHEREAS, the Issuer deems it desirable and in keeping with its purpose to issue the Bonds and cause Bondowner Representative, for the account of the Issuer, to lend the proceeds thereof to Borrower for the purposes described above under the terms and conditions contained herein; and

WHEREAS, to evidence the Loan, Borrower is executing in favor of the Issuer, that certain Promissory Note Secured by Deed of Trust (the "Note"), which shall be a construction loan variable rate note in the original principal amount of \$ _____.00, which Note provides for the repayment of the Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Bonds, and which Note will be endorsed over to Bondowner Representative; and in connection therewith, Borrower has executed or caused to be executed that certain Construction Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing in favor of the Issuer, dated as of even date herewith (the "Deed of Trust"), with respect to the Project and the Property to secure, among other things, the payments due under the Note and this Agreement; and

WHEREAS, pursuant to that certain Assignment of Deed of Trust and Loan Documents, dated as of even date herewith (the "Assignment of Deed of Trust"), the Issuer has assigned all of its right, title and interest in (except as otherwise provided therein), and its obligations under this Agreement, the Note and the Deed of Trust to Bondowner Representative; and

WHEREAS, the execution and delivery of this Agreement and the issuance of the Bonds have been duly and validly authorized by the Issuer; and

WHEREAS, in order secure additional financing for the Project, Borrower has obtained the following:

(i) a loan made by the City of Antioch, a municipal corporation (the "City"), in the original principal amount of \$900,000.00 (the "City RDA Loan") made from funds from the City's predecessor-in-interest to the Property, the Antioch Development Agency (the "City RDA"), pursuant to the terms of that certain Amended and Restated Loan Agreement (Tabora Gardens - RDA Loan) dated as of _____, 2016, executed by and between the City and Borrower, as evidenced by that certain Amended and Restated Promissory Note (Tabora Gardens Agency Loan) dated as of _____, 2016, made by Borrower to the order of the City, and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (Tabora Gardens Agency Loan) dated on or about June 6, 2011, made by Satellite Housing, Inc., a California nonprofit public benefit corporation ("Satellite Housing"), for the benefit of the City RDA, and recorded in the Official Records of the County of Contra Costa, California (the "Official Records") on June 8, 2011 as Instrument No. 2011-0114061, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to that certain Assignment, Assumption and Modification Agreement and Rescission of Former Loan Assignment (Tabora Gardens - \$300,000 Former Antioch Development Agency Loan) (the "City RDA Assignment"), dated as of April 22, 2016 and recorded in the Official Records on April 22, 2016 as Instrument No. 2016-0075029, as amended by that certain First Amendment to Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (3701 Tabora Drive, Antioch, CA) dated or about _____, 2016, executed by and among Borrower, City and the trustee named therein (collectively, the "City RDA Deed of Trust"), recorded in the Official Records concurrently with the Deed of Trust; and

(ii) a loan made by the City in the original principal amount of \$2,383,755.00 (the "City NSP/CDBG Loan") made from Neighborhood Stabilization Program and Community Development Block Grant funds pursuant to the terms of that certain Amended and Restated NSP/CDBG Loan Agreement (Tabora Gardens NSP/CDBG Loan) dated as of _____, 2016, executed by and between the City and Borrower, as evidenced by that certain Amended and Restated Promissory Note (Tabora Gardens NSP/CDBG Loan) dated as of _____, 2016, made by Borrower to the order of the City, and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (Tabora Gardens NSP Loan) dated on or about June 6, 2011, made by Satellite Housing for the benefit of the City and recorded in the Official Records on June 8, 2011 as Instrument No. 2011-0114059, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to that certain Assignment, Assumption

and Modification Agreement and Rescission of Former Loan Assignment (Tabora Gardens - \$1,983,755 City NSP Loan) (the "City NSP/CDBG Assignment"), dated as of April 22, 2016 and recorded in the Official Records on April 22, 2016 as Instrument No. 2016-0075028, as amended by that certain First Amendment to Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing (NSP Loan, 3701 Tabora Drive, Antioch, CA) dated or about _____, 2016, executed by and among Borrower, City and the trustee named therein (collectively, the "City NSP/CDBG Deed of Trust"), recorded in the Official Records concurrently with the Deed of Trust; and

(iii) a loan made by the County of Contra Costa, a political subdivision of the State of California (the "County"), in the original principal amount of \$3,000,000.00 (the "County Loan") pursuant to the terms of that certain Development Loan Agreement - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds) dated as of _____, 2016, executed by and between the County and Borrower, as evidenced by that certain Promissory Note - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds) dated as of _____, 2016, made by Borrower to the order of the County, and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds) dated on or about _____, 2016 (the "County Deed of Trust"), made by Borrower for the benefit of the County and recorded in the Official Records concurrently with the Deed of Trust; and

(iv) a loan to be made by the Department of Housing and Community Development, a public agency of the State of California ("HCD"), to Borrower pursuant to its Multifamily Housing Program in the original principal amount of [\$6,901,000.00] (the "HCD MHP Loan"), for which HCD's commitment to make the HCD MHP Loan is evidenced by that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, and which HCD MHP Loan shall be secured by a deed of trust to be executed by Borrower for the benefit of HCD upon funding of the HCD MHP Loan (the "HCD MHP Deed of Trust"); and

(v) a loan to be made by HCD to Borrower pursuant to its Veterans Housing and Homelessness Prevention Program in the original principal amount of [\$5,246,781.00] (the "HCD VHHP Loan"), for which HCD's commitment to make the HCD VHHP Loan is evidenced by that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, and which HCD VHHP Loan shall be secured by a deed of trust to be executed by Borrower for the benefit of HCD upon funding of the HCD VHHP Loan (the "HCD VHHP Deed of Trust"); and

WHEREAS, Borrower has agreed to restrict or contemplates restricting the operation of the Property pursuant to the terms of:

(a) that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of _____, 2016 (the "Regulatory Agreement"), executed by and between Issuer and Borrower, recorded in the Official Records concurrently with the Deed of Trust;

(b) that certain Rental Assistance Demonstration Use Agreement dated as of _____, 2016 (the "RAD Use Agreement"), executed by and between Borrower and the United States of America, Secretary of Housing and Urban Development ("HUD");

(c) that certain Regulatory Agreement and Declaration of Restrictive Covenants (Tabora Gardens Agency Loan), dated on or about June 6, 2011, made by Satellite Housing and the City RDA and recorded in the Official Records on June 8, 2011 as Instrument No. 2011-0114060, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to the City RDA Assignment, as amended by that certain First Amendment to Regulatory Agreement and Declaration of Restrictive Covenants, dated on or about _____, 2016, executed by and between Borrower and the City, recorded in the Official Records concurrently with the Deed of Trust (collectively, the "City RDA Regulatory Agreement");

(d) that certain Regulatory Agreement and Declaration of Restrictive Covenants (Tabora Gardens NSP Loan), dated on or about June 1, 2011, made by Satellite Housing and the City and recorded in the Official Records on June 8, 2011 as Instrument No. 2011-0114058, as assigned by Satellite Housing to, and assumed by, Borrower pursuant to the City NSP/CDBG Assignment, as amended by that certain First Amendment to Regulatory Agreement and Declaration of Restrictive Covenants, dated on or about _____, 2016, executed by and between Borrower and the City, recorded in the Official Records concurrently with the Deed of Trust (collectively, the "City NSP/CDBG Regulatory Agreement");

(e) that certain County Regulatory Agreement and Declaration of Restrictive Covenants - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds), dated on or about _____, 2016 (the "County Regulatory Agreement"), made by Borrower and the County and recorded in the Official Records concurrently with the Deed of Trust;

(f) that certain HOME/HOPWA Regulatory Agreement and Declaration of Restrictive Covenants - Tabora Gardens Senior Housing (HOME, HOPWA, NSP and Summer Lake Affordable Housing Trust Funds), dated on or about _____, 2016 (the "County HOME/HOPWA Regulatory Agreement"), made by Borrower and the County and recorded in the Official Records concurrently with the Deed of Trust;

(g) that certain Use Agreement (the "Section 811 RAC Use Agreement") to be executed by and between Borrower and the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California ("CalHFA"), on or about the date of completion of construction of the Project;

(h) a regulatory agreement to be executed by and between Borrower and HCD in connection with the HCD MHP Loan (the "HCD MHP Regulatory Agreement") at the time of funding of the HCD MHP Loan;

(i) a regulatory agreement to be executed by and between Borrower and HCD in connection with the HCD VHHP Loan (the "HCD VHHP Regulatory Agreement") at the time of funding of the HCD VHHP Loan; and

(j) an extended use agreement (the "TCAC Regulatory Agreement") to be executed by and between Borrower and the California Tax Credit Allocation Committee ("TCAC") in connection with the Tax Credits (as defined below) after the Effective Date.

The lien of the Deed of Trust shall be senior and prior to the City RDA Regulatory Agreement, City NSP/CDBG Regulatory Agreement, County Regulatory Agreement, County HOME/HOPWA Regulatory Agreement, Section 811 RAC Use Agreement, HCD MHP Regulatory Agreement, HCD VHHP Regulatory Agreement and TCAC Regulatory Agreement, but not the Regulatory Agreement or RAD Use Agreement; and

WHEREAS, additional funds shall be applied to the Project in the aggregate amount of \$ _____ .00 (the "Capital Contributions"), from [Raymond James Tax Credit Funds, Inc., a _____], in its capacity as investor limited partner in Borrower ("Investor Limited Partner"); and

NOW, THEREFORE, Issuer, Borrower and Bondowner Representative, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND RULES OF INTERPRETATION

1.1 Defined Terms. Capitalized terms used in this Agreement and not otherwise defined have the meanings set forth for those terms in Section 1.01 of the Indenture.

"Account" means an account with Wells Fargo Bank, N.A., account number _____, in the name of Borrower or Borrower's designee into which Loan proceeds will be deposited, as set forth in Exhibit D, attached hereto.

"Act" shall have the meaning ascribed to such term in the second WHEREAS clause of the introductory Section of this Agreement.

"ADA" means the Americans with Disabilities Act, 42 U.S.C. §§12101, et seq. as hereinafter amended or modified.

"Additional Charges" has the meaning ascribed to such term in Section 3.4 of this Agreement.

"Affiliate" means an entity which controls, is controlled by or is under common control with Investor Limited Partner.

"Application for Payment" has the meaning ascribed to such term in the Disbursement Plan attached hereto as Exhibit D.

“Architect” means Pyatok Architects, Inc., a California corporation, or another architect approved in writing by Bondowner Representative.

“Architectural Contract” means that certain _____, dated _____, by and between Architect and Borrower.

"Authority" means the Housing Authority of the County of Contra Costa, California.

“Bond Counsel” has the meaning ascribed to such term in Section 1.01 of the Indenture.

“Bond Documents” shall have the meaning ascribed to such term in Section 3.4(e) of this Agreement.

"Bond Fund" has the meaning ascribed to such term in Section 1.01 of the Indenture.

“Bondholder” or “Holder” means Wells Fargo Bank, National Association.

“Bondowner Representative” has the meaning ascribed to such term in the first paragraph of the introductory Section of this Agreement.

“Bonds” has the meaning ascribed to such term in the third WHEREAS clause of the introductory Section of this Agreement.

“Borrower’s Funds” means all funds of Borrower deposited with Bondowner Representative pursuant to the terms and conditions of this Agreement.

“Borrower’s Funds Account” means an account at Bondowner Representative, from which no withdrawals are permitted without Bondowner Representative’s consent, in which all deposits of funds required of Borrower pursuant to this Agreement will be held.

"CalHFA" has the meaning given such term in the Recitals to this Agreement.

“Capital Contributions” means the aggregate sum of approximately \$_____.00, which the Investor Limited Partner has committed to contribute to the capital of Borrower in accordance with and subject to adjustment pursuant to the terms and conditions of the Partnership Agreement and as described below:

Payment	Amount	% of Total Investment	Timing
1	\$_____.00	__%	Payable upon admission of Investor Limited Partner in Borrower
2	\$_____.00	__%	Payable upon satisfaction of the conditions set forth in Section ___ of the Partnership Agreement
3	\$_____.00	__%	Payable upon satisfaction of the conditions set forth in Section ___ of the Partnership Agreement

TOTAL	\$_____.00	100%	
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“City” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Assignment” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Loan” has the meaning given such term in the Recitals to this Agreement.

“City NSP/CDBG Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“City RDA” has the meaning given such term in the Recitals to this Agreement.

“City RDA Assignment” has the meaning given such term in the Recitals to this Agreement.

“City RDA Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“City RDA Loan” has the meaning given such term in the Recitals to this Agreement.

“City RDA Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“Closing” means the issuance of the Bonds and disbursement of the initial \$_____.00 of Bond proceeds.

“Closing Date” means the date on which Closing occurs.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Completion Date” means _____.

“Construction Contract” means that certain _____ dated as of _____, by and between Contractor and Borrower, relating to the construction of the Project, as may be amended or replaced from time to time with the written consent of Bondowner Representative.

“Construction Loan Maturity Date” means the Original Construction Loan Maturity Date, or shall mean the First Extended Construction Loan Maturity Date upon exercise of the First Option to Extend.

“Contractor” means Sunseri Construction, Inc., a California corporation.

“County” has the meaning given such term in the Recitals to this Agreement.

“County Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“County HOME/HOPWA Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“County Loan” has the meaning given such term in the Recitals to this Agreement.

“County Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“Deed of Trust” means the Construction Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing executed as of even date with this Agreement by Borrower as Trustor, naming American Securities Company as trustee and the Issuer as beneficiary.

“Default” has the meaning ascribed to such term in Section 15.1 of this Agreement.

“Default Rate” has the meaning ascribed to such term in the Note.

“Developer” means Satellite Affordable Housing Associates, a California nonprofit public benefit corporation.

“Disbursement Budget” has the meaning ascribed to such term in Exhibit D to this Agreement.

“Disbursement Plan” means the Disbursement Plan attached hereto as Exhibit D.

“Effective Date” means the date the Deed of Trust is recorded in the Office of the County Recorder of the County.

“Effective Rate” has the meaning ascribed to such term in the Note.

“Environmental Reports” means that certain Phase I Environmental Site Assessment dated June 15, 2016, prepared by Adanta, Inc. for the Property.

“Event of Default” has the same meaning as “Default”.

“Financial Requirements Analysis” means the financial requirements analysis attached hereto as Exhibit C, as the same may be amended from time to time.

“First Extended Construction Loan Maturity” means _____.

“First Option to Extend” means the [six (6)] month option to extend the Original Construction Loan Maturity Date pursuant to Section 3.11(a).

“General Partner” means Tabora Gardens LLC, a California limited liability company.

“Governmental Authority” means (i) any government, municipality or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, (iii) any court, administrative tribunal or public utility, or (iv) any central bank or comparable authority.

“Gross Operating Income” has the meaning ascribed to such term in Section 11.5(a) of this Agreement.

“Guarantor” means Satellite Affordable Housing Associates, a California nonprofit public benefit corporation, Satellite Affordable Housing Associates Property Management, a California nonprofit public benefit corporation, and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any guaranty now or hereafter executed in connection with respect to the Loan (collectively or severally as the context thereof may suggest or require).

“Hazardous Materials” has the meaning ascribed to such term in Section 9.1(a) of this Agreement

“Hazardous Materials Claims” has the meaning ascribed to such term in Section 9.1(c) of this Agreement.

“Hazardous Materials Laws” has the meaning ascribed to such term in Section 9.1(b) of this Agreement.

“HCD” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Loan” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“HCD MHP Standard Agreement” means that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, relating to HCD's commitment to fund the HCD MHP Loan.

“HCD VHHP Deed of Trust” has the meaning given such term in the Recitals to this Agreement.

“HCD VHHP Loan” has the meaning given such term in the Recitals to this Agreement.

“HCD VHHP Regulatory Agreement” has the meaning given such term in the Recitals to this Agreement.

“HCD VHHP Standard Agreement” means that certain Standard Agreement dated on or about _____, 2016, executed by and between HCD and Borrower, relating to HCD's commitment to fund the HCD VHHP Loan.

“Holder” means Wells Fargo Bank, National Association, in its capacity as holder of the Bonds.

“HUD” has the meaning given such term in the Recitals to this Agreement.

“Impositions” has the meaning ascribed to such term in Section 6.3 of this Agreement.

“Improvements” shall have the meaning ascribed to such term in the Recitals to this Agreement.

“Indemnified Parties” has the meaning ascribed to such term in Section 6.23(a) of this Agreement.

“Indemnitor” means Borrower and Guarantor, and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any indemnity now or hereafter executed in connection with respect to the Loan (collectively or severally as the context thereof may suggest or require).

“Indenture” means that certain Indenture of Trust, dated as of _____, by and between Issuer and Bondowner Representative, as originally executed or as it may from time to time be supplemented, modified or amended.

“Initial Capital Contribution” means the Tax Credit Investor's initial Capital Contribution in Borrower in the amount of \$_____.00.

“Insolvency Proceeding” means any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships.

“Investor Limited Partner” means _____, a _____, and its successors and assigns.

“Liabilities” has the meaning ascribed to such term in Section 6.23(a) of this Agreement.

“Loan Documents” means this Agreement, the Note, the Deed of Trust, the Security Agreement and the other documents listed as Loan Documents in Exhibit B attached to this Agreement.

“Management Agreement” means that certain _____ dated as of _____, executed by and between Borrower and Property Manager.

“Net Operating Income” means Gross Operating Income minus Permitted Operating Expenses.

“Note” shall mean that certain Promissory Note Secured by Deed of Trust in the original principal amount of \$_____.00, dated as of even date herewith, made by Borrower to the order of Issuer.

“Official Records” means the Official Records of the County.

“One Month LIBO Rate Price Adjustment” has the meaning ascribed to such term in the Note.

“Operating Statement” has the meaning ascribed to such term in Section 11.5 of this Agreement.

“Original Construction Loan Maturity Date” means _____.

“Other Related Documents” means those documents, as hereafter amended, supplemented, replaced or modified from time to time, properly executed and in recordable form, if necessary, listed in Exhibit B attached hereto as Other Related Documents.

“Partnership Agreement” means that certain Amended and Restated Agreement of Limited Partnership of Tabora Gardens, L.P., among General Partner, Investor Limited Partner and _____, a _____, as withdrawing limited partner, dated as of approximately even date herewith, as supplemented or amended and restated from time to time.

“Partnership Documents” means the Partnership Agreement and all other instruments and documents now or hereafter executed by partners in Borrower and related to Borrower, including without limitation any promissory notes, contribution agreements, funding agreements or similar documents relating to obligations to contribute or advance money to Borrower.

“Permitted Encumbrances” means the Permitted Restrictions, deeds of trust and other security instruments relating to the Subordinate Loans and other title exceptions shown on Bondowner Representative’s title policy.

“Permitted Operating Expenses” has the meaning ascribed to such term in Section 11.5(b) of this Agreement.

“Permitted Prior Encumbrances” means those title exceptions previously approved by Bondowner Representative to be prior to the lien of the Deed of Trust, including, without limitation, the Regulatory Agreement and RAD Use Agreement.

“Permitted Restrictions” means, collectively, the Regulatory Agreement, RAD Use Agreement, City RDA Regulatory Agreement, City NSP/CDBG Regulatory Agreement, County Regulatory Agreement, County HOME/HOPWA Regulatory Agreement, Section 811 RAC Use Agreement (upon the execution and recordation thereof in the Official Records), HCD MHP Regulatory Agreement (upon the execution and recordation thereof in the Official Records), HCD VHHP Regulatory Agreement (upon the execution and recordation thereof in the Official

Records), TCAC Regulatory Agreement (upon the execution and recordation thereof in the Official Records) and any other Restrictions expressly approved by Bondowner Representative.

“Permitted Transfer” means a transfer by Investor Limited Partner of its limited partnership interests in Borrower to: (i) an Affiliate, provided, however, that all of the following conditions are satisfied: (a) Bondowner Representative shall have received written notice of such transfer not less than thirty (30) days prior to the date of such transfer, (b) the transfer shall have been approved in writing by any Subordinate Lender, to the extent that such Subordinate Lender’s consent to any such transfer shall be required pursuant to the terms of its applicable Subordinate Loan Documents, and (c) Investor Limited Partner shall have delivered to Bondowner Representative complete and accurate copies of all documentation evidencing such transfer; or (ii) a non-Affiliate, provided, however, that all of the following conditions are satisfied: (x) Bondowner Representative shall have consented to such transfer, which consent shall not be unreasonably withheld, not less than thirty (30) days prior to the date of such transfer, (y) the transfer shall have been approved in writing by any Subordinate Lender, to the extent that such Subordinate Lender’s consent to any such transfer shall be required pursuant to the terms of its applicable Subordinate Loan Documents, and (z) Investor Limited Partner shall have delivered to Bondowner Representative complete and accurate copies of all documentation evidencing such transfer. It shall be deemed reasonable for Bondowner Representative to withhold consent to a transfer of the limited partnership interests referenced above that does not meet with the approval of any Subordinate Lender, if such approval is required pursuant to the terms of its applicable Subordinate Loan Documents.

“Permitted Transferee” means either an Affiliate or a non-Affiliate meeting the requirements set forth above in the definition of “Permitted Transfer.”

“Plans and Specifications” means the plans and specifications for the Project approved in writing by Bondowner Representative, together with such amendments thereto as are made from time to time in accordance with Section 5.5 of this Agreement.

“Project” shall have the meaning ascribed to such term in the Recitals to this Agreement.

“Project Agreements” mean the Architectural Contract, Construction Contract, Plans and Specifications, and all other contracts and subcontracts entered into in connection with the design, development and construction of the Project.

“Project Costs” mean any and all costs incurred by Borrower with respect to the construction of the Project including, without limitation, 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 construction 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, 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 all other costs approved by Bond Counsel to the extent such costs are paid from the proceeds of the Bond Fund.

“Property” is defined in the Recitals.

“Property Manager” means Satellite Affordable Housing Associates, a California nonprofit public corporation, or another property manager approved in writing by Bondowner Representative.

“Qualified Project Costs” has the meaning given such term in the Regulatory Agreement.

“RAD HAP Contract” means that certain [Housing Assistance Payments Contract - Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to Project-Based Section 8], effective on or about _____, 2016, by and between the Authority and Borrower, relating to the RAD HAP Subsidy Payments.

“RAD HAP Subsidy Payments” means those certain HUD Rental Assistance Demonstration subsidy payments made to Borrower for the RAD HAP Units in connection with the RAD HAP Contract.

“RAD HAP Units” means those units in the Project eligible to receive RAD HAP Subsidy Payments pursuant to the terms of the RAD HAP Contract.

“RAD Use Agreement” has the meaning given such term in the Recitals to this Agreement.

“Regulatory Agreement” means that certain Regulatory Agreement and Declaration of Restrictive Covenants dated as of _____, 2016, between the Issuer and Borrower relating to the Bonds, as originally executed, or as it may from time to time be supplemented, modified or amended by any supplemental regulatory agreement.

“Regulatory Costs” has the meaning ascribed to such term in the Note.

“Requirements” has the meaning ascribed to such term in Section 5.15(a) of this Agreement.

“Reservation Letter” has the meaning ascribed to such term in Section 8.2(o) of this Agreement.

“Reserve Percentage” has the meaning ascribed to such term in the Note.

“Restrictions” means all existing restrictions and regulatory agreements and all future restrictions and regulatory agreements relating to the use and operation of the Property and the Improvements, including, without limitation, the Permitted Restrictions.

“Satellite Housing” has the meaning given such term in the Recitals to this Agreement.

“Section 8 AHAP Contract” means that certain [Section 8 Project-Based Voucher Program PBV Agreement to Enter into Housing Assistance Payments Contract - New Construction or Rehabilitation], effective on or about _____, 2016, by and between the Authority and Borrower, relating to the Section 8 HAP Subsidy Payments.

“Section 8 HAP Contract” shall mean the [Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract - New Construction or Rehabilitation] to be entered into by Borrower in connection with the Project.

“Section 8 HAP Subsidy Payments” means those certain Project-Based Section 8 housing assistance subsidy payments made to Borrower for the Section 8 HAP Units in connection with the Section 8 HAP Contract.

“Section 8 HAP Units” means those units in the Project eligible to receive Section 8 HAP Subsidy Payments pursuant to the terms of the Section 8 HAP Contract.

“Section 811 ARAC Contract” means that certain Agreement to Enter Into a Section 811 Rental Assistance Contract dated as of December 17, 2015, executed by and between CalHFA and Developer, as assigned by Developer to Borrower, relating to the Section 811 RAC Subsidy Payments.

“Section 811 RAC Contract” shall mean the Section 811 Rental Assistance Contract to be entered into by Borrower in connection with the Project.

“Section 811 RAC Subsidy Payments” means those certain Section 811 Rental Assistance Contract subsidy payments made to Borrower for the Section 811 RAC Units in connection with the Section 811 RAC Contract.

“Section 811 RAC Units” means those units in the Project eligible to receive Section 811 RAC Subsidy Payments pursuant to the terms of the Section 811 RAC Contract.

“Section 811 RAC Use Agreement” has the meaning given such term in the Recitals to this Agreement, which shall be entered into in connection with the Section 811 RAC Contract.

“Secured Obligations” has the meaning ascribed to such term in the Deed of Trust.

“Security Agreement” means that certain Pledge and Security Agreement dated as of even date with this Agreement, executed by Borrower and General Partner in favor of Bondowner Representative.

“Single Purpose Entity” has the meaning ascribed to such term in Section 8.5(d) of this Agreement.

“State” means the State of California.

“Subordinate Lender” means, collectively, the City, the County and upon funding of either the HCD MHP Loan or HCD VHHP Loan, HCD.

“Subordinate Loan Documents” means any and all documents executed in connection with the Subordinate Loans.

“Subordinate Loans” means the City RDA Loan, the City NSP/CDBG Loan, the County Loan and any other loans subordinate to the Loan consented to by Bondowner Representative in

writing, including, without limitation, the HCD MHP Loan (upon the funding thereof to Borrower) and the HCD VHHP Loan (upon the funding thereof to Borrower).

"Subsidy Contracts" means, collectively, the RAD HAP Contract, the Section 8 AHAP Contract, the Section 8 HAP Contract (upon the execution and effectiveness thereof), the Section 811 ARAC Contract and the Section 811 RAC Contract (upon the execution and effectiveness thereof).

"Subsidy Payments" means, collectively, the RAD HAP Subsidy Payments, the Section 8 HAP Subsidy Payments and the Section 811 RAC Subsidy Payments.

"Swap Agreement" means a "swap agreement" as defined in Section 101 of the Bankruptcy Code, entered into by Borrower and Bondowner Representative (or with another financial institution which is reasonably acceptable to Bondowner Representative), together with all modifications, extensions, renewals and replacements thereof.

"Tax Certificate" means that certain [Certificate as to Arbitrage], executed by the Issuer and Borrower, dated as of the Closing Date.

"Tax Credit Investor" means, collectively or individually, as the context may require, Investor Limited Partner and any affiliated special limited partner or administrative limited partner, or another low income housing tax credit investor reasonably approved by Holder.

"Tax Credits" means federal low income housing tax credits allocated to the Project pursuant to Section 42 of the Code.

"Taxes" has the meaning ascribed to such term in the Note.

"TCAC" means the California Tax Credit Allocation Committee.

"Title Company" means Old Republic Title Company.

"Title Policy" has the meaning ascribed to such term in Section 4.1(j) of this Agreement.

1.2 Rules of Interpretation.

(a) This Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as they may be preempted by federal rules, regulations and laws applicable to the Issuer. The Issuer and Borrower expressly acknowledge and agree that any judicial action to enforce any rights of the Issuer under this Agreement shall be brought and maintained at the option of the Issuer in the Superior Court of the State of California or in the United States District Court for the Northern District of California or in any United States Bankruptcy Court in any case involving or having jurisdiction over Borrower or over the Project.

(b) The words "herein," "hereof" and "hereunder" and words of similar import, without reference to any particular Section or subdivision, refer to this

Agreement as a whole rather than to any particular Section or subdivision of this Agreement.

(c) References in this Agreement to any particular article, Section or subdivision hereof are to the designated article, Section or subdivision of this Agreement as originally executed.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with tax basis accounting principles; and all computations provided for herein shall be made in accordance with tax basis accounting principles consistently applied and applied on the same basis as in prior years.

(e) The Table of Contents and titles of Articles and Sections herein are for convenience of reference only and are not a part of this Agreement, and shall not define or limit the provisions hereof.

(f) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(g) Articles, Sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Agreement.

(h) Any opinion of counsel required hereunder shall be a written opinion of such counsel.

(i) References to the Bonds as “tax exempt” or to the “tax exempt status of the Bonds” are to the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

1.3 Exhibits Incorporated. Exhibits A, B, C, D, and E attached hereto, are hereby incorporated into this Agreement.

ARTICLE 2 ISSUANCE OF BONDS; PAYMENT OF ISSUANCE COSTS

2.1 Issuance of Bonds. Upon execution of this Agreement, the other Loan Documents, the Indenture and the occurrence of all conditions precedent to issuance, or as soon thereafter as practicable, the Issuer will execute the Bonds and deliver the Bonds to Holder, or to its order upon payment of the purchase price and filing with the Holder of the opinion of Bond Counsel as to the legality of the Bonds and the furnishing of all other documents required to be furnished before such delivery. The proceeds of the Bonds will be deposited with Bondowner Representative and disbursed in accordance with the Indenture and this Agreement.

2.2 No Warranty by Issuer or Bondowner Representative. BORROWER AGREES THAT, BECAUSE THE COMPONENTS OF THE PROJECT HAVE BEEN AND ARE TO BE DESIGNATED AND SELECTED BY IT, ISSUER AND BONDOWNER REPRESENTATIVE HAVE NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY

FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER AND BONDOWNER REPRESENTATIVE MAKE NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, ISSUER AND BONDOWNER REPRESENTATIVE SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.2 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY ISSUER AND/OR BONDOWNER REPRESENTATIVE, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT. IN ADDITION, BORROWER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IT UNDERSTANDS THE NATURE AND STRUCTURE OF THE PROJECT; THAT IT IS FAMILIAR WITH THE PROVISIONS OF ALL OF THE DOCUMENTS AND INSTRUMENTS RELATING TO THE FINANCING OF THE PROJECT TO WHICH IT OR ISSUER OR BONDOWNER REPRESENTATIVE IS A PARTY OR OF WHICH IT IS A BENEFICIARY; THAT IT UNDERSTANDS THE RISKS INHERENT IN SUCH TRANSACTIONS, INCLUDING WITHOUT LIMITATION THE RISK OF LOSS OF THE PROJECT; AND THAT IT HAS NOT RELIED ON ISSUER OR BONDOWNER REPRESENTATIVE FOR ANY GUIDANCE OR EXPERTISE IN ANALYZING THE FINANCIAL OR OTHER CONSEQUENCES OF SUCH FINANCING TRANSACTIONS OR OTHERWISE RELIED ON ISSUER OR BONDOWNER REPRESENTATIVE IN ANY MANNER EXCEPT TO ISSUE THE BONDS IN ORDER TO PROVIDE FUNDS FOR THE LOAN.

2.3 Payment of Costs of Issuance by Borrower. Borrower agrees that it will provide any and all funds required for the prompt and full payment of all costs of issuance of the Bonds not otherwise paid from proceeds of the Bonds, including, but not limited to, the following items:

(a) all reasonable legal (including Bond Counsel and counsel to Borrower, Issuer and Bondowner Representative), abstractors', title insurance, financial, engineering, environmental, construction services, survey appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer and Bondowner Representative on or before or in connection with issuance of the Bonds;

(b) premiums on all insurance required to be secured and maintained during the term of this Agreement;

(c) all recording fees and other taxes, charges, assessments, license or registration fees of every nature whatsoever incurred and to be incurred in connection

with this financing (other than a tax on the income of Issuer, Bondowner Representative or Holder);

(d) all reasonable initial fees and expenses of the Bondowner Representative and the Issuer (including, without limitation, the Issuer's initial fee and expenses referenced in Sections [4A(d) and 20] of the Regulatory Agreement);

(e) the fee payable to Bondowner Representative pursuant to Section 6.1;

(f) fees payable to the California Debt Limit Allocation Committee and the California Debt and Investment Advisory Committee; and

(g) other reasonable costs of issuance.

ARTICLE 3 THE LOAN, LOAN REPAYMENT AND ADDITIONAL CHARGES

3.1 The Loan. The Issuer agrees, upon the terms and conditions herein specified and in the Indenture, to lend to Borrower the proceeds of the Bonds, by causing such proceeds to be deposited with Bondowner Representative in installments corresponding to the successive "draw-down" purchases of the Bonds by the Holder. The parties acknowledge that Holder intends to purchase \$_____.00 of the Bonds at Closing, and the balance of the Bonds from time to time upon and after satisfaction of the conditions precedent set forth in Sections 4.1, 4.2 and 4.3 through successive "draw-down" purchases subject to all terms and conditions of this Agreement. The obligation of Borrower to repay the Loan shall be evidenced by the Note. Contemporaneously with the issuance of the Bonds, the Issuer will endorse the Note without recourse to the order of Bondowner Representative, as the assignee of the Issuer. Borrower will repay the Loan in accordance with the provisions of the Note and this Agreement.

3.2 Loan Disbursements. The proceeds of the Bonds shall be disbursed by the Bondowner Representative only in accordance with a written requisition of Borrower approved in writing by the Bondowner Representative, which approval shall be granted by the Bondowner Representative upon satisfaction or waiver by the Bondowner Representative of the conditions set forth in Article 4 of this Agreement.

3.3 Loan Repayment and Payment of Other Amounts. Borrower hereby acknowledges its indebtedness to the Issuer and covenants to repay the Loan, and to pay interest on the amount of the Loan outstanding from time to time in accordance with the following:

(a) Borrower may, at any time at its option, prepay principal on the Note, in whole but not in part, in order to effect a redemption of Bonds pursuant to Section [4.01] of the Indenture by paying to Bondowner Representative an amount equal to the principal amount of the Bonds to be redeemed, together with all accrued and unpaid interest through the date of redemption of Bonds on the principal prepaid, plus any prepayment premium due pursuant to the terms of the Note or One Month LIBO Rate Price Adjustment due pursuant to the terms of the Note, plus any penalty or charge payable under any Swap Agreement. Borrower shall give Bondowner

Representative not less than sixty (60) days' advance written notice of its intention to make a prepayment of the Note pursuant to this Section 3.3(a).

(b) Following the occurrence of an Event of Default under this Agreement and demand by Bondowner Representative for redemption of all of the Bonds pursuant to Sections [7.01 and 4.01(b)] of the Indenture, Borrower shall immediately pay to Bondowner Representative the full amount of outstanding principal of the Note, together with all accrued and unpaid interest thereon through the date of redemption of Bonds, plus any prepayment premium due pursuant to the terms of the Note or One Month LIBO Rate Price Adjustment due pursuant to the terms of the Note, plus any penalty or charge payable under any Swap Agreement.

(c) So long as any portion of the principal of the Loan is outstanding, Borrower shall pay to Bondowner Representative, on or before the first day of each month, an amount equal to the interest accrued on the Loan during the previous month at the applicable rates set forth in the Note.

(d) In the event of damage to or destruction or condemnation of the Project or any part thereof, Borrower shall pay to Bondowner Representative, for redemption of Bonds pursuant to Section [4.01] of the Indenture, such portion of the Loan as is required to be paid pursuant to Article 13 of this Agreement and pursuant to the Deed of Trust, accrued and unpaid interest through the date of redemption of the Bonds, without premium other than any penalty or charge due under any Swap Agreement.

(e) Borrower agrees to pay, at the same time as the monthly payments pursuant to Section 3.3(c) above, if required to do so by written notice from Bondowner Representative, one-twelfth (1/12th) of the amount budgeted by Borrower for annual premiums for insurance required to be maintained pursuant to this Agreement and for real estate taxes or other charges for governmental service for the current year (except for utility charges) which shall be disbursed by the Bondowner Representative from time to time. Notwithstanding the foregoing, Bondowner Representative shall not require Borrower to pay such amounts with respect to such insurance premiums or taxes until after the occurrence of an Event of Default.

(f) Borrower agrees to make such other payments to Bondowner Representative, in the amounts and at the times necessary to enable the Bondowner Representative, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds when due, whether as principal of, premium, or interest on, or otherwise, and whether at maturity or by redemption (including mandatory sinking fund redemption) or acceleration or otherwise.

(g) Borrower also agrees to pay, (i) without written demand therefor, the fees of the Issuer specified in Sections [4A(d) and 20] of the Regulatory Agreement at the times and in the amounts specified therein; and (ii) within fifteen (15) days after receipt of request for payment thereof, all expenses of the Issuer related to the Project and the financing thereof which are not otherwise required to be paid by Borrower under

the terms of this Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the amendment, interpretation and enforcement of any documents relating to the Project or the Bonds and the performance of the Issuer's obligations and exercise of its rights thereunder.

(h) Borrower agrees: (i) to pay to the Bondowner Representative from time to time reasonable compensation for all services rendered by it (including the reasonable compensation, expenses and disbursements of its agents and counsel) under the Indenture and any other agreements relating to the Bonds to which the Bondowner Representative is a party (collectively, "Ordinary Fees and Expenses"); (ii) except as otherwise expressly provided in the Indenture, this Agreement or such other agreements related to the Bonds or the Project, to reimburse the Bondowner Representative upon its request for all reasonable expenses, disbursements and advances (including reasonable counsel fees) incurred or made by the Bondowner Representative (provided that the Bondowner Representative shall not be required to make advances) in accordance with any provision of the Indenture or other agreements to which the Bondowner Representative is a party (including, but not limited to, the reasonable compensation and the expenses and disbursements of its agents and counsel and the cost of printing Bonds), except any such expense, disbursement or advance (provided that the Bondowner Representative shall not be required to make advances) as may be attributable to its negligence or willful misconduct, (iii) to pay to an arbitrage consultant reasonable compensation for all services rendered by it, and (iv) to pay to the federal government any rebatable arbitrage required to be paid to the federal government in order to comply with Section 6.33(c) hereof.

3.4 Additional Charges. Borrower agrees to pay each and all of the following (collectively, the "Additional Charges"):

(a) Upon the occurrence of an Event of Default under the Indenture or a Default under this Agreement, to or upon the order of the Bondowner Representative, when due, all reasonable fees of the Bondowner Representative for services rendered under the Indenture and any other amounts due under Section 6.23 hereof which are not included in Ordinary Fees and Expenses, and all reasonable fees and charges of any registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance, on request of the Issuer, of services required under the Indenture or this Agreement for which such persons are entitled to payment or reimbursement, provided that Borrower may, upon notice to the Issuer and without creating a Default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than Ordinary Fees and Expenses, but the Issuer's final decision shall control;

(b) (i) All indemnity payments required to be made under Sections 6.23, 6.30, 9.4, 15.5 and 16.30 of this Agreement and Section [9] of the Regulatory Agreement (such indemnity payments being due to the Issuer or any Indemnified Party immediately upon written demand therefor and accruing interest at the Default Rate sixty (60) days after notice of demand therefor); (ii) all reasonable expenses (including reasonable legal fees and expenses) incurred by the Issuer in

exercising its rights under this Agreement following a Default; and (iii) all other expenses incurred by the Issuer in relation to the Project which are not otherwise required to be paid by Borrower under the terms of this Agreement or any separate fee agreement, including costs incurred as a result of a request by Borrower;

(c) Interest, at the Default Rate, on all payments not made by Borrower under Section 3.3 and this Section 3.4 when due, to the parties entitled thereto;

(d) All taxes and assessments of any type or character charged to the Issuer affecting the amount available to the Issuer from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments); provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer;

(e) The reasonable fees, charges and expenses of the Issuer, Bondowner Representative or any agent or attorney selected by the Issuer to act on its behalf in connection with this Agreement, the Indenture, the Regulatory Agreement and the Tax Certificate (collectively, the "Bond Documents"), including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any Bonds or in connection with any litigation, investigation or other proceeding that may at any time be instituted involving the Bond Documents or any other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Bond Documents;

(f) If any payment of principal or interest required under the Note is not received by Bondowner Representative (whether by direct debit or otherwise) on or before the fifteenth (15th) calendar day of the month (regardless of whether the fifteenth (15th) day falls on a Saturday, Sunday or legal holiday) in which it becomes due, Borrower shall pay, at Bondowner Representative's option, a late or collection charge equal to four percent (4%) of the amount of such unpaid payment;

(g) The annual fee of the Issuer, payable as set forth in Sections [4A(d) and 20] of the Regulatory Agreement, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Bonds and the Bond Documents, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Bonds or the Bond Documents or any of the other documents contemplated thereby, or in connection with

the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and

(h) The obligations in Sections 3.4(d), 3.4(e) and 3.4(f) and those in Section 6.23 shall remain valid and in effect notwithstanding repayment of the Loan hereunder or termination of this Agreement or the Indenture.

3.5 Bill Lead Date Request. By written notice to Bondowner Representative, Borrower may request to receive monthly billings on a date (the "Bill Lead Date") that is prior to the first day of the month. Bondowner Representative will submit to Borrower monthly billings, which will consist of actual interest and principal due through the Bill Lead Date plus projected interest and principal due through the balance of the month. Any necessary adjustments in the applicable interest rate and/or principal payments due or made between a Bill Lead Date and the end of the month will be reflected as an additional charge (or credit) in the billing for the next following month. Neither the failure of Bondowner Representative to submit a Bill Lead Date billing nor any error in any such billing will excuse Borrower's obligation to make full payment of all amounts due under this Agreement. In its sole discretion, Bondowner Representative may cancel or modify the terms of such request which cancellation or modification will be effective upon written notification to Borrower. Should Borrower request a Bill Lead Date, Bondowner Representative shall not be required to prepare a month end invoice.

3.6 Construction Loan Maturity Date.

Upon the Construction Loan Maturity Date, not less than one hundred percent (100%) of the Bond shall be redeemed pursuant to the terms of Section [4.01] of the Indenture and all remaining outstanding principal and interest under the Note shall be immediately due and payable to Bondowner Representative; provided, however, that Bondowner Representative shall have the option, at its sole discretion, of extending the date on which the Bonds must be redeemed as required under this Section 3.6 or otherwise waiving such requirement.

3.7 Additional Security Interest. To secure payment and performance of all obligations of Borrower under this Agreement and the other Loan Documents, Borrower hereby grants and assigns to Bondowner Representative a security interest in all of Borrower's right, title and interest, now or hereafter acquired, to the payment of money from Bondowner Representative to Borrower under any Swap Agreement.

3.8 Borrower's Obligations Unconditional. The obligations of Borrower to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and payment of the Loan and Additional Charges and all other payments required of Borrower hereunder or under the Note shall be paid without notice or demand and without set off, counterclaim, or defense for any reason and without abatement or deduction or defense. Borrower will not suspend or discontinue any such payments, will perform and observe all of its other agreements in this Agreement and, except as expressly permitted in Section 14.1, will not terminate this Agreement for any cause, including, but not limited, to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or Borrower's business, the taking of the Project or Borrower's business by Condemnation or otherwise, the lawful prohibition of Borrower's use of the Project or Borrower's business, the interference with

such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement, the lack of right, power or authority of the Issuer to enter into this Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer or the Bondowner Representative, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the Loan and other amounts payable by Borrower hereunder or under the Note shall be paid in full when due without any delay or diminution whatever.

3.9 Borrower's Remedies. Nothing contained in this Article shall be construed to release the Issuer and/or Bondowner Representative from the performance of any of its agreements herein, and if the Issuer and/or Bondowner Representative should fail to perform any such agreements, Borrower may (subject to the limitations of Section 16.27 hereof) institute such action against the Issuer and/or Bondowner Representative as Borrower may deem necessary to compel such performance so long as such action shall not violate Borrower's agreements in Section 3.4 or diminish or delay the amounts required to be paid by Borrower pursuant to Sections 3.3, 3.4 and 3.5. Borrower, however, acknowledges and agrees that any pecuniary obligation of the Issuer created by or arising out of this Agreement shall be payable solely from the proceeds derived from this Agreement, the sale of the Bonds, any insurance and condemnation awards, or amounts received upon the sale or other disposition of the Project upon a default by Borrower or otherwise.

3.10 Assignment of Issuer's Rights. Pursuant to the Indenture and Assignment of Deed of Trust, the Issuer has assigned the amounts payable hereunder and has assigned, without recourse or liability, to the Bondowner Representative, the Issuer's rights under this Agreement, the Note and the Deed of Trust, including the right to receive payments hereunder (other than payments due by reason of indemnification of the Issuer, or as described in Sections 2.3(d) and 3.3(g) hereof), and hereby directs Borrower to make said payments directly to the Bondowner Representative, or otherwise upon the order of the Bondowner Representative. Borrower assents to such assignment and will make payments under this Agreement directly to the Bondowner Representative, or otherwise upon the order of the Bondowner Representative, without defense or set off by reason of any dispute between Borrower, the Issuer, the Bondowner Representative, the Bondholders or Holder.

3.11 Options To Extend.

(a) Borrower shall have the option to extend (the "First Option to Extend") the Original Construction Loan Maturity Date to the First Extended Construction Loan Maturity Date, upon satisfaction of each of the following conditions precedent:

(i) Borrower shall provide Bondowner Representative with written notice of Borrower's request to exercise the First Option to Extend not

more than ninety (90) days but not less than thirty (30) days prior to the Original Construction Loan Maturity Date;

(ii) As of the date of Borrower's delivery of notice of request to exercise the First Option to Extend, and as of the Original Construction Loan Maturity Date, no Default shall have occurred and be continuing, and no event or condition which, with the giving of notice or the passage of time or both, would constitute a Default shall have occurred and be continuing, and Borrower shall so certify in writing;

(iii) Borrower shall execute or cause the execution of all documents reasonably required by Bondowner Representative to exercise the First Option to Extend and shall deliver to Bondowner Representative, at Borrower's sole cost and expense, such title insurance endorsements reasonably required by Bondowner Representative;

(iv) There shall have occurred no material adverse change, as determined by Bondowner Representative in its sole discretion, in the financial condition of Borrower, General Partner or any Guarantor from that which existed as of the later of: (i) the Effective Date; or (ii) the date upon which the financial condition of such party was first represented to Bondowner Representative;

(v) Borrower shall represent and warrant that the Partnership Documents and the Tax Credit Investor's obligations to make the Capital Contributions thereunder, as approved by Bondowner Representative, are unamended and in full force and effect;

(vi) The construction of the Project shall be one hundred percent (100%) complete and free of all liens (other than liens that Borrower is diligently contesting in good faith and as to which Borrower has obtained bonds to the reasonable satisfaction of Bondowner Representative) as evidenced by Bondowner Representative's receipt of mechanic's lien free endorsements to the Title Policy, a Notice of Completion shall have been recorded, if applicable, and Borrower shall obtain and deliver to Bondowner Representative a copy of a temporary certificate of occupancy or certificate of occupancy issued by the appropriate Governmental Authority for the Project or equivalent evidence of Completion of the construction from the local jurisdiction, if any, and a certificate of completion from Architect in form and substance reasonably satisfactory to Bondowner Representative with a copy of the recorded notice of completion, if any;

(vii) The Subordinate Loan Documents, Subsidy Contracts, HCD MHP Standard Agreement and HCD VHHP Standard Agreement shall be in full force and effect and Borrower shall be in compliance with all provisions thereof;

(viii) The balance in the interest reserve as of the Original Construction Loan Maturity Date shall be sufficient to pay interest on the Loan until the First Extended Construction Loan Maturity Date;

(ix) Not less than _____ percent (___%) of the residential units in the Project shall be leased and not less than _____ percent (___%) of the residential units in the Project shall be occupied by tenants pursuant to leases which comply with the Regulatory Agreement and all other Restrictions recorded against the Property;

(x) Borrower shall have provided evidence satisfactory to Bondowner Representative of Borrower's continued compliance with all TCAC achievement dates;

(xi) Borrower shall have delivered to Bondowner Representative evidence satisfactory to Bondowner Representative that the date of expiration of HCD's commitments to fund the HCD MHP Loan and HCD VHHP Loan shall be not less than thirty (30) days after the First Extended Construction Loan Maturity Date, together with financial projections or other evidence satisfactory to Bondowner Representative demonstrating that the satisfaction of all conditions to the funding of the HCD MHP Loan, HCD VHHP Loan and any other financing sources necessary for the payoff of the Loan shall be achieved prior to the First Extended Construction Loan Maturity Date; and

(xii) [Borrower shall pay to the Bondowner Representative on or before the Original Construction Loan Maturity Date an Extension Fee in the amount equal to ___% of the original principal amount of the Loan.]

Except as modified by the exercise of the First Option to Extend, the terms and conditions of this Agreement and the other Loan Documents as modified and approved by Bondowner Representative shall remain unmodified and in full force and effect.

3.11 Full Repayment and Reconveyance. Upon receipt of all sums owing and outstanding under the Loan Documents, and the full performance of all other obligations secured by the Deed of Trust, Bondowner Representative shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bondowner Representative shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Loan Documents and the full payment and performance of all other obligations secured by the Deed of Trust, including, without limitation, any prepayment premium, any One-Month LIBO Rate Price Adjustment and any other costs set forth in the Note and Deed of Trust; and (b) Bondowner Representative shall have received a written release satisfactory to Bondowner Representative of any set aside letter, letter of credit or other form of undertaking which Bondowner Representative has issued to any surety, governmental agency or any other party in connection with the Loan and/or the Property and Improvements. Any obligation of Bondowner Representative to make further disbursements under the Loan shall terminate as to any portion of

the Loan undisbursed as of the date of issuance of such full release or reconveyance, and any commitment of Bondowner Representative to lend any undisbursed portion of the Loan shall be canceled. Any repayment shall be without prejudice to Borrower's obligations under any Swap Agreement between Borrower and Bondowner Representative, which shall remain in full force and effect subject to the terms of such Swap Agreement (including provisions that may require a reduction, modification or early termination of a swap transaction, in whole or in part, in the event of such repayment, and may require Borrower to pay any fees or other amounts for such reduction, modification or early termination), and no such fees or amounts shall be deemed a penalty hereunder or otherwise.

ARTICLE 4
DISBURSEMENT CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Disbursement of Proceeds of the Bonds. Bondowner Representative's obligation to consent to the initial disbursement of proceeds of the Bonds held by Bondowner Representative in the Bond Fund, in the amount of _____ and No/100 Dollars (\$____.00), shall be subject to satisfaction (or waiver by Bondowner Representative, in its sole discretion) of each of the following conditions precedent:

(a) Delivery of Documents. The documents listed on Exhibit B, (except as otherwise specified on Exhibit B), including without limitation all Loan Documents and all Other Related Documents shall have been delivered to Bondowner Representative in form and substance satisfactory to Bondowner Representative, duly executed (and, if required by Bondowner Representative, acknowledged) by all of the appropriate parties.

(b) Opinion Letter. The Bondowner Representative shall have received an original reliance letter from Bond Counsel addressed to Bondowner Representative authorizing Bondowner Representative to rely on the opinion of Bond Counsel issued to Issuer approving the validity of and providing a tax opinion for the Bonds, which such reliance letter and opinion shall be in form and content satisfactory to Bondowner Representative.

(c) Delivery of Contracts; Approval of Reports. Bondowner Representative shall have received and approved in form and substance satisfactory to Bondowner Representative:

- (i) a soils report for the Property;
- (ii) an environmental questionnaire and environmental site assessment with respect to the presence, if any, of Hazardous Materials on the Property;
- (iii) two sets of the Plans and Specifications, certified as complete by the Architect, together with evidence of all necessary or appropriate approvals of all applicable Governmental Authorities;

(iv) copies of any initial study, negative declaration, mitigated negative declaration, environmental impact report, notice of determination or notice of exemption prepared, adopted, certified or filed by or with any Governmental Authority in connection with the Property and Project; and

(v) copies of all documents, agreements, instruments, policies and other materials relating to the Project requested by Bondowner Representative, including without limitation, appraisals; all design, architect's, engineering, brokerage and construction contracts; and surveys, in each case set forth in such detail as Bondowner Representative may require.

(d) Utilities. Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that all utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the development and occupancy of the Property and Project are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Project.

(e) Fees. Borrower shall have paid to Bondowner Representative, in good funds, all fees owing pursuant to Section 6.1(a) and all costs of issuance of the Bonds.

(f) Sufficiency of Funds. Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that there will be sufficient funds available to Borrower to complete the Project and cover all costs as shown on the Disbursement Budget attached hereto, whether from the proceeds of the Loan, Subordinate Loans and the capital contributions of the Tax Credit Investor to be made prior to completion of the Project, or from another source or other sources acceptable to Bondowner Representative.

(g) Construction Contract. Borrower shall have delivered to Bondowner Representative a fully executed copy of the Construction Contract in form and substance satisfactory to Bondowner Representative and a consent to the Assignment of Construction Contracts executed by Contractor in form and substance satisfactory to Bondowner Representative.

(h) Subordinate Loans. Close of escrow shall have occurred with respect to the Subordinate Loans, each of which shall have been subordinated to the lien of the Deed of Trust and Bondowner Representative's rights with respect to the Loan. Borrower shall have received the proceeds of each Subordinate Loan in such amounts as have been approved by Bondowner Representative and shall have delivered to Bondowner Representative the fully executed documents evidencing the Subordinate Loans, all of which shall have been approved by Bondowner Representative.

(i) Financing Statements. The Financing Statements described in Exhibit B, Paragraph (a), items (vi) and (vii) and shall have been filed with the California Secretary of State, and Bondowner Representative shall have received and

approved the results of a UCC search conducted and certified by the California Secretary of State.

(j) Title Insurance. Borrower shall (at its own expense) have obtained a commitment from the Title Company in form and content satisfactory to Bondowner Representative for delivery to the Bondowner Representative of a mortgagee's policy of title insurance (the "Title Policy") which complies with the following requirements: (x) the Title Policy shall be issued with respect to the Property, shall show the Deed of Trust as the insured mortgage, shall name the Bondowner Representative as insured, shall be dated as of the date of recording of the Deed of Trust, shall be in an amount not less than the original principal amount of the Bonds and shall be in form and substance reasonably satisfactory to the Bondowner Representative; (y) when originally issued, the Title Policy shall be in form ALTA LP 10 (in 2006 form or other form acceptable to Bondowner Representative) and shall contain such endorsements as Bondowner Representative may require, including without limitation, **[NOTE: THE FOLLOWING TO BE UPDATED UPON COMPLETION OF TITLE REVIEW: ALTA 3 Zoning, unimproved land, ALTA 6 Variable Rate, ALTA 8.1 Environmental, ALTA 9.1 Comprehensive, modified for vacant land, ALTA 10.1 Assignment of Mortgage with Priority; ALTA 17 Access and abut, ALTA 17.2 Utility Access; ALTA 18 Separate Tax Parcel, ALTA 22 Address (if available), ALTA 25 Survey, ALTA 26 Subdivision, ALTA 27 Usury; ALTA 28 Easement; CLTA 104.7 Assignment of Rents, CLTA 112 Bondholder, Special: Deletion of Arbitration provisions (paragraph 13 of Conditions), Special: Electronic signatures on policy/endorsements, and a commitment to issue such further endorsements as Bondowner Representative may require, including without limitation, CLTA 101.2 or 101.6 (mechanics' liens, notice of completion) and CLTA 122 Datedown endorsements in such number and at such times as may be required by Bondowner Representative;]** and (z) the Title Policy shall include a commitment by the Title Company to rewrite the Title Policy into a full ALTA Loan Policy (in 2006 form or other form acceptable to Holder), with unqualified and unlimited ALTA 9 Lender's comprehensive, unmodified, ALTA 22 Address, CLTA 102.5 Foundation without encroachment Endorsements upon completion of construction of the Project. The Title Policy shall insure:

- (i) that the Borrower possesses the fee simple interest in the Property;
- (ii) that the Deed of Trust is a valid first lien upon the Property subject only to Permitted Encumbrances; and
- (iii) that the following standard exceptions be waived and insured: (1) facts which would be disclosed by a comprehensive survey of the Property, (2) mechanic's, contractors' or materialmen's liens and lien claims, and (3) all other exceptions noted in Schedule B, Section I of the Title Policy.

(k) Admission of Tax Credit Investor. The Tax Credit Investor shall have been admitted as a limited partner in Borrower, and Borrower's Partnership Documents shall have been amended to reflect the admission of Tax Credit Investor, on terms and conditions reasonably approved by Bondowner Representative. Without

limitation upon the generality of the foregoing, the Partnership Documents, as amended, shall obligate the Tax Credit Investor to make the cash Capital Contributions in at least the amounts and at the times and subject to the terms and conditions set forth in the Partnership Agreement.

(l) Insurance. Borrower shall have complied with the insurance requirements of Article 7.

(m) Costing Analysis. Bondowner Representative shall have satisfactorily completed its costing analysis of the Project.

(n) ALTA Survey. Borrower shall have delivered to Bondowner Representative and Bondowner Representative shall have approved an ALTA survey of the Property.

(o) Payment and Performance Bond as to Construction Contract. Borrower shall have delivered to Bondowner Representative a payment and performance bond with respect to the Construction Contract, with evidence of recordation thereof in the Official Records of the County, meeting the following requirements:

(i) the Payment and Performance Bond shall name Borrower and Wells Fargo Bank, National Association, and its successors as Bondowner Representative under the Indenture as co-obligees;

(ii) the Payment and Performance Bond shall be in an amount of not less than \$____.00;

(iii) the Payment and Performance Bond shall be issued by a corporate surety licensed to do business in the State of California and approved in writing by Bondowner Representative;

(iv) the Payment and Performance Bond shall include language to the effect that the Contractor will promptly and faithfully perform its obligations under the Construction Contract and that the surety waives notice of any alteration or extension of time given by Borrower under the Construction Contract;

(v) the Payment and Performance Bond shall include a requirement of the principal to promptly make payment to all claimants; and

(vi) the Payment and Performance Bond shall correctly state Borrower's name and the address of the Project.

(p) Environmental Review and Approval. Bondowner Representative shall have satisfactorily completed its environmental review and analysis of the Project.

(q) Permits. Except as approved by Bondowner Representative, Borrower shall have received a building permit for the Project and delivered evidence to Bondowner Representative thereof, and all other permits and similar permits, licenses, approvals, development agreements and other authorizations of Governmental Authorities required in connection with the construction, development and construction of the Property and Project including, but not limited to, all authorizations, including annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations, and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be issued by any Governmental Authority which are (a) required for the construction, development and construction of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested disbursement, and all of the same shall remain in full force and effect.

(r) HCD MHP Loan and HCD VHHP Loan. Bondowner Representative shall have received and approved the HCD MHP Standard Agreement, HCD VHHP Standard Agreement and estoppel letters executed by HCD in connection with the HCD MHP Loan and HCD VHHP Loan.

(s) Subsidy Contracts and Subsidy Payments. Borrower shall have delivered to Bondowner Representative and Bondowner Representative shall have approved the fully executed Subsidy Contracts. Bondowner Representative shall have received an assignment of all of Borrower's right, title and interest in, to and under the Subsidy Contracts and Subsidy Payments.

4.2 Conditions Precedent to Subsequent Disbursements of Proceeds of the Bonds After Initial Disbursement. Bondowner Representative's obligation to consent to any disbursement of proceeds of the Bonds held by Bondowner Representative in the Bond Fund after the initial disbursement shall be subject to satisfaction (or waiver by Bondowner Representative, in its sole discretion) of each of the following conditions precedent:

(a) Permits. Prior to any disbursement of proceeds of the Bonds after the initial disbursement, Borrower shall have received any of the following not received prior to the Closing Date: additional permits, licenses, approvals, development agreements and other authorizations of Governmental Authorities required in connection with the development and construction of the Property and Project including, but not limited to, all authorizations, including annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations, and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be issued by any Governmental Authority which are (a) required for the development and construction of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested disbursement, and all of the same shall remain in full force and effect.

4.3 Conditions Precedent To Any Disbursement. Bondowner Representative's obligation to consent to any disbursement (including the initial disbursement and the final disbursement) shall be subject to the satisfaction (or waiver by Bondowner Representative, in its sole discretion) of the following conditions precedent:

(a) Application for Payment. Bondowner Representative shall have received and approved an Application for Payment (as defined in the Disbursement Plan), executed by Borrower, stating the amount of the disbursement then requested and meeting the requirements of the Disbursement Plan attached hereto as Exhibit D, and all other documents, instruments, agreements, certificates, liens waivers and other items required thereunder.

(b) Disbursement Plan Conditions. All of the conditions precedent to the requested disbursement set forth in the Disbursement Plan attached hereto as Exhibit D shall have been satisfied.

(c) Compliance with Financial Requirements Analysis; Borrower's Funds. Borrower shall be in compliance with its obligations under Section 5.6 and 5.7 of this Agreement. To the extent that Borrower is obligated to deposit Borrower's Funds into Borrower's Funds Account pursuant to those Sections, such Borrower's Funds shall have been fully disbursed as a condition to any obligation of Bondowner Representative to make further disbursement of proceeds of the Bonds under the Loan Documents.

(d) Bondowner Representative Inspections. Bondowner Representative shall have determined, based upon such inspections and examinations of the progress of construction of the Project as Bondowner Representative shall elect in its sole judgment to conduct from time to time pursuant to the terms of Section 5.14, that construction of the Project is proceeding in substantial conformity with the Plans and Specifications, as modified by change orders with respect to which Borrower has complied with Section 5.5. Borrower shall have paid all of the costs and expenses of Bondowner Representative reasonably incurred in any such inspection and examination.

(e) Government Inspections. If Bondowner Representative shall so require, any portion of the Project completed through the date of the requested disbursement which requires inspection or certification by municipal or other Governmental Authorities shall have been inspected and certified as complete and all other necessary approvals shall have been duly issued and Bondowner Representative shall have received true and correct copies of all such inspections, certificates and approvals or Bondowner Representative shall have received other evidence, in form and content reasonably satisfactory to Bondowner Representative, that the Project has been constructed in such a manner as to be in compliance with any such inspections, certificates and approvals.

(f) Title Endorsements. Bondowner Representative shall have received such endorsements and binders to the Title Policy as Bondowner Representative may reasonably require (including without limitation endorsements confirming the continuing priority of the Deed of Trust with respect to such disbursement, and endorsements confirming that no encroachments exist on the Property

or adjoining property). Bondowner Representative shall be furnished, at no cost to it, such surveys and certificates as may be required by the title insurance company in connection with the issuance of such endorsements.

(g) Mechanics' Liens; Stop Notices. No mechanics' lien shall have been recorded against the Property and no stop notice shall have been served upon Borrower or the Bondowner Representative unless there has been issued a surety bond, or such other collateral as is satisfactory to Bondowner Representative, adequate to release the Project from the lien thereof in accordance with this section), and Bondowner Representative shall have no reasonable cause to believe that the requested disbursement will be junior in priority of lien to any mechanics' or material suppliers' lien or to any intervening or other lien upon the Property; if a claim of lien is recorded which affects the Property or Project or a bonded stop notice is served upon Borrower and/or Bondowner Representative, Borrower shall, within twenty (20) calendar days of such recording or service or within five (5) calendar days of Bondowner Representative's demand, whichever occurs first: (i) pay and discharge the claim of lien or bonded stop notice; (ii) effect the release thereof by recording or delivering to Bondowner Representative a surety bond in sufficient form and amount; or (iii) provide Bondowner Representative with other assurances which Bondowner Representative deems, in its sole discretion, to be satisfactory for the payment of such claim of lien or bonded stop notice and for the full and continuous protection of the lien of the Deed of Trust from the effect of such lien or bonded stop notice.

(h) Compliance With Bond and Loan Documents. Borrower shall have complied with all of the terms and conditions imposed by the Indenture and this Agreement in connection with such disbursement and Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(i) No Default; Compliance with Bond Documents. There shall exist no Default, as defined in this Agreement, or Event of Default as defined in any of the other Bond Documents and Loan Documents or in the Other Related Documents (subject to all applicable notice and cure periods), or event requiring mandatory redemption of the Bonds or event which, with the giving of notice or the passage of time, or both, could be a Default or event requiring mandatory redemption of the Bonds, and Borrower shall have performed all of its obligations under this Agreement and complied with all of the terms and conditions imposed by the Indenture and this Agreement in connection with such disbursement and, if Bondowner Representative shall so require, Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(j) Representations and Warranties. All representations and warranties contained in this Agreement shall be true and correct as of the date of the disbursement, and Bondowner Representative shall have received a certificate restating each of such representations and warranties as true and correct as of the date of the disbursement.

(k) Full Force and Effect. Each of the Bond Documents and Loan Documents shall remain in full force and effect, binding upon all parties thereto.

(l) Status of Project Funds. All of the obligations of Borrower shall have been fully performed and discharged and the Project shall be free and clear of all liens for labor or materials provided to date, and all work performed to date in construction of the Project shall have been accomplished in a good workmanlike manner and in accordance with the Plans and Specifications.

(m) Status of Subordinate Loans. The Subordinate Loans (or to the extent that documents for any such Subordinate Loan have not yet been executed, any commitment related to such Subordinate Loan) shall remain unamended and in full force and effect, and no uncured default shall have occurred thereunder.

(n) Status of Partnership Agreement. Except as permitted hereunder, the Partnership Agreement and the commitment of Investor Limited Partner to make capital contributions thereunder shall remain unamended and in full force and effect, except as approved by Bondowner Representative, and no uncured default on the part of General Partner or failure of a condition to Investor Limited Partner's capital contribution obligations shall have occurred.

(o) Status of Subsidy Contracts and Subsidy Payments. The Subsidy Contracts shall remain unamended and in full force and effect, no uncured default shall have occurred thereunder and Borrower shall have received all Subsidy Payments contemplated to have been paid to Borrower as of the date of such disbursement.

4.4 Account, Pledge and Assignment, and Disbursement Authorization. Borrower's Funds shall be deposited into Borrower's Funds Account and disbursed by the Bondowner Representative to or for the benefit or account of Borrower under the terms of the Indenture after consent to such disbursement by Bondowner Representative, upon the written request of Susan Friedland, Eve Stewart, Jonathan Astmann or Tom Earley, who are each authorized by Borrower to request such disbursements and to select and exercise options for the Effective Rate (as defined in the Note) under the Note until such time as written notice of Borrower's revocation of such authority is received by the Bondowner Representative. As additional security for Borrower's performance under the Loan Documents, Borrower hereby irrevocably pledges and assigns to Bondowner Representative, and grants to Bondowner Representative a security interest in Borrower's Funds Account and all moneys at any time deposited in Borrower's Funds Account, as collateral security for the obligations of Borrower under this Agreement and the Note, and agrees that Bondowner Representative shall have all of the rights of a secured party under the California Uniform Commercial Code in connection therewith.

4.5 Loan Disbursements. Subject to the conditions set forth in Sections 4.1, 4.2, 4.3 and 5.7 of this Agreement, the proceeds of the Bonds and Borrower's Funds shall be disbursed in accordance with the terms and conditions of Exhibit D and applied to Project Costs in accordance with the Financial Requirements Analysis. All costs incurred in connection with the requisition and disbursement of Bond funds, including, but not limited to, updates to the Title Policy, shall be paid by Borrower. All disbursements shall be held by Borrower in trust and applied by Borrower solely for the purposes for which the funds have been disbursed. Bondowner Representative has no obligation to monitor or determine Borrower's use or application of the disbursements.

4.6 Conditions to the Obligations of the Issuer. The obligations of the Issuer to issue and deliver the Bonds on the Closing Date shall be subject, at the option of the Issuer, to the performance by the Bondowner Representative and Borrower of their respective obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) Each of the Indenture, this Agreement and the Regulatory Agreement shall have been executed by the parties thereto;

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly of prohibiting the offering, sale or issuance of the Bonds as contemplated in the Indenture herein; and

(c) The conditions precedent set forth in Section 4.1 hereof and in Section 3.01 of the Indenture shall have been satisfied.

4.7 Funds Transfer Disbursements. Borrower hereby authorizes Bondowner Representative to disburse the proceeds of any Loan(s) made by Bondowner Representative or its affiliate pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated in Exhibit E. Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by Borrower; or, (ii) made in Borrower's name by one of the individuals named in Section 4.4 or in a Disbursement Instruction Agreement in the form of Exhibit E duly executed by an authorized signatory of Borrower and accepted by Bondowner Representative in good faith and in compliance with these transfer instructions, even if not properly authorized by Borrower. Borrower further agrees and acknowledges that Bondowner Representative may rely solely on any bank routing number or identifying bank account number or name provided by Borrower to effect a wire or funds transfer even if the information provided by Borrower identifies a different bank or account holder than that named by the Borrower. Bondowner Representative is not obligated or required in any way to take any actions to detect errors in information provided by Borrower. If Bondowner Representative takes any actions in an attempt to detect errors in the transmission or content of transfer or requests or takes any actions in an attempt to detect unauthorized funds transfer requests, Borrower agrees that no matter how many times Bondowner Representative takes these actions Bondowner Representative will not in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between Bondowner Representative and Borrower. Borrower agrees to notify Bondowner Representative of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within fourteen (14) days after Bondowner Representative's confirmation to Borrower of such transfer. Bondowner Representative will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. Bondowner Representative may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization; (ii) require use of a bank unacceptable to Bondowner Representative or prohibited by government authority; (iii) cause Bondowner Representative to violate any Federal Reserve or other regulatory risk control program or guideline, or (iv) otherwise cause Bondowner Representative to violate any applicable law or regulation. Bondowner Representative shall not be liable to Borrower or any other parties for (i)

errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's transfers may be made, or information received or transmitted, and no such entity shall be deemed an agent of Bondowner Representative, (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or constraints or other events beyond Bondowner Representative's control, or (iii) any special, consequential, indirect or punitive damages, whether or not (a) any claim for these damages is based on tort or contract or (b) Bondowner Representative or Borrower knew or should have known the likelihood of these damages in any situation. Bondowner Representative makes no representations or warranties other than those expressly made in this Agreement.

ARTICLE 5 CONSTRUCTION COVENANTS

5.1 Commencement and Completion. Borrower shall give a notice to proceed under the Construction Contract by not later than sixty (60) days from the date of Closing, and shall complete construction of the Project on or before the Completion Date and shall deliver to Bondowner Representative a copy of a certificate of occupancy for all of the Improvements by the appropriate governmental authority.

5.2 Force Majeure. The time within which construction of the Project must be completed shall be extended for a period of time equal to the period of any delay directly affecting construction which is caused by fire, earthquake or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies or labor; provided, however, that Borrower shall furnish Bondowner Representative with written notice satisfactory to Bondowner Representative evidencing any such delay within ten (10) days from the occurrence of any such delay. In no event shall the time for completion of the Project be extended more than sixty (60) days beyond the Completion Date.

5.3 Construction Contract. Borrower and Contractor shall enter into the Construction Contract pursuant to the terms and conditions of which Contractor is to construct the Project. Borrower shall require Contractor to perform in accordance with the terms of the Construction Contract, subject to Section 5.5(a) below, and shall not materially amend, modify or alter the responsibilities of Contractor under the Construction Contract without Bondowner Representative's prior written consent. Borrower shall execute, upon Bondowner Representative's request, an assignment of Borrower's rights under the Construction Contract to the Bondowner Representative as security for Borrower's obligations under this Agreement and the other Loan Documents and shall cause the Contractor to consent to any such assignment.

5.4 Architectural Contract. Borrower and Architect shall have entered into the Architectural Contract, pursuant to which Architect is to design the Project. Borrower shall require Architect to perform in accordance with the terms of the Architectural Contract and subject to Section 5.5(a) below, shall not amend, modify or alter the responsibilities of Architect under the Architectural Contract without Bondowner Representative's prior written consent. Upon Bondowner Representative's request, Borrower shall execute an assignment of the Architectural Contract, together with the Plans and Specifications relating thereto, to the Bondowner Representative as additional security for Borrower's performance under this

Agreement and the other Loan Documents and shall cause the Architect to consent to any such assignment.

5.5 Plans and Specifications.

(a) Changes: Bondowner Representative Consent. Except as otherwise provided in this Agreement, Borrower shall not make any changes in the Plans and Specifications without the prior written consent of Bondowner Representative if such change: (i) constitutes a material change in the building material or equipment specifications, or in the architectural or structural design, value or quality of any of the Project; (ii) would result in an increase of construction costs in excess of \$____.00 for any single change or in excess of \$____.00 for all such changes; (iii) would adversely affect the structural integrity, quality of building materials, or overall efficiency of operating systems of the Project. Without limiting the above, Bondowner Representative agrees that Borrower may make minor changes in the Plans and Specifications without Bondowner Representative's prior written consent, provided that such changes do not violate any of the conditions specified herein. Borrower shall at all times maintain, for inspection by Bondowner Representative, a full set of working drawings of the Project.

(b) Changes; Submission Requirements. Borrower shall submit any proposed change in the Plans and Specifications to Bondowner Representative at least ten (10) days prior to the commencement of construction relating to such proposed change whether or not such change is subject to Bondowner Representative's consent. Requests for any change which requires consent shall be accompanied by working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bondowner Representative, signed by Borrower and, if required by Bondowner Representative, also by the Architect and the Contractor. At its option, Bondowner Representative may require Borrower to provide: (i) evidence satisfactory to Bondowner Representative of the cost and time necessary to complete the proposed change; (ii) a deposit in the amount of any increased costs into Borrower's Funds Account in accordance with Section 5.7 below; and (iii) a complete set of "as built" Plans and Specifications for the completed Project.

(c) Consent Process. Borrower acknowledges that Bondowner Representative's review of any changes and required consent may result in delays in construction and hereby consents to any such delays; provided, however, that Bondowner Representative will use its best efforts to review such changes in a timely manner.

(d) Final Plans and Specifications. Upon completion of the Project, Borrower shall deliver to Bondowner Representative within twenty (20) days a set of final Plans and Specifications.

5.6 Financial Requirements Analysis. Borrower shall apply proceeds of the Bonds in accordance with the Financial Requirements Analysis attached hereto as Exhibit C, and shall construct the Project in accordance with the Plans and Specifications and within the time

limits imposed by this Agreement. Promptly and in any event within fourteen (14) days after Borrower's discovery that the Financial Requirements Analysis does not accurately project the Project Costs which have been and will be incurred in connection with construction of the Project in accordance with the Plans and Specifications, Borrower shall notify Bondowner Representative of the discrepancy and shall submit to Bondowner Representative a revised budget of Project Costs.

5.7 Balancing. Borrower agrees to keep the Financial Requirements Analysis "in balance" at all times. The Financial Requirements Analysis is not "in balance" if any undisbursed monies in the Project Fund together with all sums, if any, to be provided by Borrower as shown in Exhibit C are not at all times equal to or greater than the amount which Bondowner Representative from time to time determines necessary to: (i) complete each line item category as contained on Exhibit C; (ii) pay, through completion, all costs of development, construction, operation and leasing of the Project in accordance with the Bond Documents and the Loan Documents; (iii) pay all sums which may become payable under the Loan Documents and Other Related Documents; and (iv) enable Borrower to perform and satisfy all of the covenants of Borrower contained in the Loan Documents. If Bondowner Representative determines at any time that the Financial Requirements Analysis is not "in balance", Borrower shall provide the amount of such deficiency to the Bondowner Representative for deposit into Borrower's Funds Account.

5.8 Contractor/Construction Information. Within ten (10) days of Bondowner Representative's written request, Borrower shall deliver to Bondowner Representative from time to time in a form acceptable to Bondowner Representative: (a) a list detailing the name, address and phone number of each contractor, subcontractor and material supplier to be employed or used for construction of the Project together with the dollar amount, including changes, if any, of each contract and subcontract, and the portion thereof, if any, paid through the date of such list; (b) copies of each contract and subcontract identified in such list, including any changes thereto; (c) a cost breakdown of the projected total cost of constructing the Project, and that portion, if any, of each cost item which has been incurred; and (d) a construction progress schedule detailing the progress of construction and the projected sequencing and completion time for uncompleted work, all as of the date of such schedule.

Borrower agrees that Bondowner Representative may disapprove any contractor, subcontractor or material supplier which, in Bondowner Representative's good faith determination, is deemed financially or otherwise unqualified; provided, however, that the absence of any such disapproval shall not constitute a warranty or representation of qualification by Bondowner Representative. Bondowner Representative may contact any such contractor, subcontractor or material supplier to discuss the course of construction.

5.9 Prohibited Contracts. Without Bondowner Representative's prior written consent, Borrower shall not contract for any materials, furnishings, equipment, fixtures or other parts or components of the Project (other than for vending machines and tenant-serving electronic communications equipment including cable television or internet equipment), if any third party shall retain any ownership interest (other than lien rights created by operation of law) in such items after their delivery to the Property and Project. Borrower shall have five (5) days to effect the removal of any such retained interest.

5.10 Liens and Stop Notices. If a claim of lien is recorded which affects the Property or Project or a bonded stop notice is served upon Borrower or Bondowner Representative, Borrower shall, within twenty (20) calendar days of such recording or service or within five (5) calendar days of Bondowner Representative's demand, whichever occurs first: (a) pay and discharge the claim of lien or bonded stop notice; (b) effect the release thereof by recording or delivering to Bondowner Representative a surety bond in sufficient form and amount; or (c) provide Bondowner Representative with other assurances which Bondowner Representative deems, in its sole discretion, to be satisfactory for the payment of such claim of lien or bonded stop notice and for the full and continuous protection of Bondowner Representative from the effect of such lien or bonded stop notice.

5.11 Construction Responsibilities. Borrower shall cause the Project to be constructed in a workmanlike manner according to the Plans and Specifications and the recommendations of any soils or engineering report approved by Bondowner Representative. Borrower shall comply with all applicable laws, ordinances, rules, regulations, building restrictions, recorded covenants and restrictions, and requirements of all regulatory authorities having jurisdiction over the Property or Project. Borrower shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and Project, including, without limitation, for the quality and suitability of the Plans and Specifications and their compliance with all governmental requirements, the supervision of the work of construction, the qualifications, financial condition and performance of all architects, engineers, contractors, material suppliers, consultants and property managers, and the accuracy of all applications for payment and the proper application of all disbursements. Bondowner Representative is not obligated to supervise, inspect or inform Borrower or any third party of any aspect of the construction of the Project or any other matter referred to above.

5.12 Assessments and Community Facilities Districts. Without Bondowner Representative's prior written consent, Borrower shall not cause to become effective or otherwise consent to the formation of any assessment district or community facilities district which includes all or any part of the Property and Project pursuant to: (a) the Mello-Roos Community Facilities Act of 1982; (b) the Municipal Improvement Act of 1913; or (c) any other comparable or similar statute or regulation. Nor shall Borrower cause or otherwise consent to the levying of special taxes or assessments against the Property and Project by any such assessment district or community facilities district.

5.13 Delay. Borrower shall promptly notify Bondowner Representative in writing of any event causing more than a thirty (30) day delay or interruption of construction, or the timely completion of construction. The notice shall specify the particular work delayed, and the cause and period of each delay.

5.14 Inspections. Bondowner Representative shall have the right to enter upon the Property at all reasonable times to inspect the Project and the construction work and to verify information disclosed or required pursuant to this Agreement.

(a) If Bondowner Representative in its reasonable judgment determines that any work or materials fail to conform to the approved Plans and Specifications or sound building practices, or that they otherwise depart from any of the

requirements of this Agreement, Bondowner Representative may require the work to be stopped and withhold its consent to further disbursements until the matter is corrected. If this occurs, Borrower must correct the work to Bondowner Representative's satisfaction promptly and, at Bondowner Representative's request, halt all other work pending completion of such corrective work. No such action by Bondowner Representative will affect Borrower's obligation to complete the Project in accordance with the Plans and Specifications and on or before the Completion Date.

(b) Bondowner Representative has no duty to visit Project site, to supervise or observe construction or to examine any books or records. Any site visit, observation or examination by Bondowner Representative is solely for the purpose of protecting Bondowner Representative's rights and interests, and may not be relied upon by Borrower or by any third party as a representation or warranty of compliance with this Agreement or any other agreement. No site visit, observation or examination by Bondowner Representative will impose any liability on Bondowner Representative or result in a waiver of any default of Borrower or be a representation that Borrower is or will be in compliance with the Plans and Specifications, that the construction is free from defective materials or workmanship, or that the construction complies with all applicable Requirements. Neither Borrower nor any other party is entitled to rely on any site visit, observation or examination by Bondowner Representative. Bondowner Representative owes no duty of care to protect Borrower or any other party against, or to inform Borrower or any other party of, any negligent or defective design or construction of the Project or any other adverse condition affecting the Property.

(c) Upon Bondowner Representative's written request, Borrower shall promptly deliver to Bondowner Representative: (i) a perimeter survey of the Property; and (ii) a survey showing the location of the Project on the Property and confirming that the Project is located entirely within the Property and does not encroach upon any easement, or breach or violate any governmental requirement. All such surveys shall be performed and certified by a licensed engineer or surveyor acceptable to the title insurer.

5.15 Project Title, Operation and Maintenance.

(a) The Issuer shall not be under any obligation to operate, maintain or repair the Property. Borrower agrees that until this Agreement is terminated pursuant to Section 14.1 hereof, it will, at its own expense, (a) keep the Property in safe repair and in such operating condition as is needed for its operations; (b) make all necessary repairs and replacements to the Property (whether ordinary or extraordinary, structural or nonstructural); (c) subject to the restrictions imposed by the Regulatory Agreement, operate the Project in a sound and economic manner in accordance with usual business practice; (d) operate the Project in compliance with all applicable laws, codes, environmental laws, zoning laws, the ADA (to the extent applicable) and laws regulating construction, occupancy or maintenance of property of a character included in the Project; and (e) comply with all existing and future laws, regulations, orders, building codes and restrictions and requirements of, and all permits and approvals from, and agreements with and commitments to, all governmental, judicial or legal authorities

having jurisdiction over the Property or Borrower's business, conducted thereon or therefrom and with all restrictive covenants and other title encumbrances encumbering the Property, including without limitation those contained in the Regulatory Agreement and other Restrictions (all collectively, the "Requirements").

(b) Borrower shall pay all expenses of the operation and maintenance of the Project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project and payable during the term of this Agreement, all in conformance with and subject to any good faith contest provisions provided in the Deed of Trust.

(c) In the event Borrower shall fail to maintain, or cause to be maintained, the full insurance coverage required by this Agreement or shall fail to keep the Project in good repair and good operating condition and make all necessary repairs and replacements to the Project, the Bondowner Representative may, after providing Borrower with reasonable notice and the opportunity to remedy the problem(s) identified by Bondowner Representative, but shall be under no obligation to, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and Borrower agrees to reimburse the Issuer or the Bondowner Representative to the extent of the amounts so advanced, and in addition shall pay interest on any such amount at the Default Rate from the date such amount was advanced until the date such amount was repaid or reimbursed by Borrower.

(d) Borrower shall obtain or cause to be obtained all necessary permits and approvals for the operation and maintenance of the Project and shall comply with all applicable lawful requirements of any governmental body regarding the use or condition of the Project, whether existing or later enacted or whether involving any change in governmental policy or requiring structural or other changes to part or all of the Project and irrespective of the cost of making the same.

(e) Notwithstanding the provisions of this Section 5.15, Borrower may in good faith contest the validity or the applicability of any law, ordinance, rule or regulation provided that during the period of such contest and any appeal therefrom, (i) such failure to comply with such requirement or requirements will not adversely affect the lien of the Deed of Trust or materially endanger such liens or the Project or any part thereof, (ii) will not subject the Project or any part thereof to loss or forfeiture and (iii) Borrower will post with the Bondowner Representative, for the benefit of the Holder, cash, a bond or other reasonably acceptable security in an amount equal to 125% of the disputed amount.

(f) Borrower agrees not to permit or suffer others to commit a nuisance in or about the Property or themselves commit a nuisance in connection with their use or occupancy of the Property.

5.16 Advances. Borrower acknowledges and agrees that under this Agreement and certain of the other Loan Documents, the Holder or the Bondowner Representative may, but shall be under no obligation to, take certain action and make certain advances relating to the Project from certain funds held under the Indenture or otherwise, or to certain other matters as expressly provided therein, and Borrower shall be obligated to repay all such advances on demand with interest from the date such payment was originally advanced until repaid or reimbursed by Borrower at the Default Rate.

5.17 Alterations to the Project and Removal of Equipment. Without the reasonable consent of Bondowner Representative, Borrower shall not remodel or make any additions, modifications, alterations, or changes to the Project (collectively referred to as “alterations”) in or to the Project, or remove any equipment therefrom other than in the ordinary course of business in the operation of the Project. Notwithstanding the provisions of the Deed of Trust, no such alteration or removal will be made if to do so would impair the character of the Project as a “project” within the meaning of the Act, or impair the exclusion of interest on the Bonds from gross income for federal income tax purposes.

5.18 Construction Schedule. If, based on any construction progress schedule or other materials submitted by Borrower, Bondowner Representative in its reasonable judgment determines that the Project will not be completed by the Completion Date, Bondowner Representative may request Borrower in writing to reschedule the work of construction to permit timely completion. In addition, if Bondowner Representative in its reasonable judgment determines that any building constituting the Project will not be “placed in service” (within the meaning of Section 42 of the Code) by the Completion Date, Bondowner Representative may request Borrower in writing to reschedule the work of construction. Within fifteen (15) days after receiving such a request from Bondowner Representative, Borrower must deliver to Bondowner Representative a revised construction progress schedule showing completion of the Project by the Completion Date. As a condition to any agreement to extend the Completion Date, Bondowner Representative may require Borrower to confirm by evidence satisfactory to Bondowner Representative that such extension will not have any adverse effect upon the availability of the Tax Credits for the Project.

5.19 Preservation of Rights. Borrower must obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower’s business thereon or therefrom.

5.20 Maintenance and Repair. Borrower must (i) maintain the Property, including landscaping portions thereof (if any), in good condition and repair, (ii) promptly make all necessary structural and non-structural repairs to the Project (or cause tenants under any leases to perform such obligation), and (iii) not erect any new buildings, structures or building additions on the Property, without the prior written consent of Bondowner Representative. Borrower must pay when due all claims for labor performed and materials furnished therefor in connection with any improvement or construction activities.

5.21 Permits, Licenses and Approvals. Borrower must obtain, comply with and keep in effect all building permits and similar permits, licenses, approvals, development agreements and other authorizations required from governmental bodies in connection with the

development and construction of the Property and Project. Borrower must deliver copies of all such permits, licenses and approvals to Bondowner Representative promptly, and in any event within twenty (20) days after receipt thereof.

5.22 Performance of Acts. Borrower must perform, upon Bondowner Representative's request, all acts necessary to perfect any lien or security interest provided for in the Loan Documents.

5.23 Management Agreement. Bondowner Representative must review and approve any agreement providing for the management or operation of the Property, including any material modifications or amendments thereto, before Borrower can enter into such agreement, provided, however, the approval of Bondowner Representative shall not be required for the renewal of any such agreement.

ARTICLE 6 BORROWER'S COVENANTS

6.1 Fees. Borrower shall pay or cause to be paid to Bondowner Representative in cash or by such other satisfactory means to Bondowner Representative in its sole discretion on or before recordation of the Deed of Trust, a loan fee in the amount of _____ and 00/100 Dollars (\$____.00).

6.2 Expenses. Borrower shall immediately pay Bondowner Representative upon demand all costs and expenses incurred by Bondowner Representative in connection with: (a) the preparation of this Agreement, all other Loan Documents, Other Related Documents and Bond Documents; (b) the administration of this Agreement, the other Loan Documents and Other Related Documents and Bond Documents for the term of the Loan; and (c) the enforcement or satisfaction by Bondowner Representative of any of Borrower's obligations under this Agreement, the other Loan Documents or the Other Related Documents or Bond Documents. For all purposes of this Agreement, Bondowner Representative's costs and expenses shall include, without limitation, all appraisal fees, cost engineering and inspection fees, reasonable legal fees and expenses, accounting fees, environmental consultant fees, auditor fees, internal administration expenses, UCC filing fees and/or UCC vendor fees and the cost to Bondowner Representative of any title insurance premiums, title surveys, reconveyance and notary fees. Borrower recognizes and agrees that formal written appraisals of the Property and Project by a licensed independent appraiser may be required by Bondowner Representative's internal procedures and/or federal regulatory reporting requirements on an annual and/or specialized basis and that Bondowner Representative may, at its option, require inspection of the Property and Project by an independent supervising architect and/or cost engineering specialist: (i) prior to each disbursement; (ii) at least once each month during the course of construction even though no disbursement is to be made for that month; (iii) upon completion of the Project; and (iv) at least semiannually thereafter. At its option, Bondowner Representative may make disbursements from the Loan to cover any expenses or charges which are to be borne by Borrower, including but not limited to, the cost of any required legal fees, appraisals, inspections, certifications or surveys. If any of the services described above are provided by an employee of Bondowner Representative, Bondowner Representative's costs and expenses for such services shall be calculated in accordance with Bondowner Representative's standard charge for such services.

6.3 Taxes and Impositions. Borrower shall pay or cause to be paid, prior to delinquency, all of the following (collectively, the “Impositions”): (a) all general and specific real property taxes and assessments imposed on the Property; (b) all other taxes and assessments and charges of every kind that are assessed upon the Property (or upon the owner and/or operator of the Property) and that create or may create a lien upon the Property (or upon any personal property or fixtures used in connection with the Property), including without limitation nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions; and (c) all license fees, taxes and assessments imposed on Bondowner Representative (other than Bondowner Representative’s income or franchise taxes) which are measured by or based upon (in whole or in part) the amount of the obligations secured by the Property. If permitted by law, Borrower may pay or cause to be paid any Imposition in installments (together with any accrued interest). Borrower shall not be required to pay or cause to be paid any Imposition so long as (d) its validity is being actively contested in good faith and by appropriate proceedings, (e) Borrower has demonstrated to Bondowner Representative’s reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of the Property in satisfaction of such Imposition or otherwise impair Bondowner Representative’s interests under the Loan Documents and (f) if Bondowner Representative shall so request, Borrower has furnished Bondowner Representative with a bond or other security satisfactory to Bondowner Representative in an amount not less than 100% of the applicable claim. Upon demand by Bondowner Representative from time to time, Borrower shall (g) deliver to Bondowner Representative, within thirty (30) days following the due date of Imposition, evidence of payment or other satisfaction of such Imposition reasonably satisfactory to Bondowner Representative and (h) furnish to Bondowner Representative a tax reporting service for the Property of a type and duration, and with a company, reasonably satisfactory to Bondowner Representative. Notwithstanding the foregoing, Borrower shall comply with any provisions of the Indenture which require impounding of Impositions and if such provisions are inconsistent with the requirements of this Agreement, the provisions of the Indenture shall control.

6.4 Compliance with Laws. Borrower shall comply with all laws and requirements of Governmental Authorities and all rights of third parties, relating to the Property or Borrower’s business or other properties, and deliver to Bondowner Representative from time to time, within ten (10) days of Bondowner Representative’s request therefor, evidence satisfactory to Bondowner Representative that Borrower has complied with any such law, requirement or right.

6.5 Maintenance and Security for Project. Borrower shall maintain the Project in good condition and repair (such condition and repair to be consistent with that of competing properties), take all measures reasonably required by Bondowner Representative to protect the physical security of the Project, and not permit any waste or damage with respect to the Project.

6.6 Notice of Certain Matters. Borrower shall give notice to Bondowner Representative, within seven (7) days of Borrower’s knowledge thereof, of each of the following:

- (a) any litigation or claim of any kind affecting or relating to Borrower and involving an amount in excess of \$50,000.00, and any litigation or claim

of any kind that might subject Borrower to liability in excess of \$50,000.00, whether covered by insurance or not;

(b) any aspect of the Project that is not in conformity with the Plans and Specifications in a material respect;

(c) the creation or imposition of any mechanic's lien, materialmen's lien or other lien against the Project unless Borrower shall post statutory bonds or other security satisfactory to Bondowner Representative sufficient to cause the removal of such lien;

(d) the occurrence of any default that remains uncured beyond any applicable notice and cure period by Borrower or any other party under any Project Agreement, or the receipt by Borrower of any notice of default under any Project Agreement;

(e) the occurrence of any dispute between Borrower and any Governmental Authority relating to the Project, the adverse determination of which might materially affect the Project;

(f) the occurrence of any threat or commencement of proceedings in condemnation or eminent domain relating to Borrower's ownership of the Project;

(g) the use of any trade name hereafter used by Borrower in connection with the Project, other than the use of the trade name "Tabora Gardens Senior Apartments";

(h) any change in Borrower's principal place of business;

(i) the occurrence of any Default or event which, with the giving of notice or the passage of time or both, would constitute a Default; and

(j) the occurrence of any other event or condition causing a material adverse change in the financial condition of Borrower.

6.7 Liens on Property. Borrower shall not cause or suffer to become effective any lien, restriction or other title limitation affecting any part of the Property other than mechanics' liens permitted pursuant to Section 4.3(g), the Regulatory Agreement, the other Permitted Restrictions and any other liens or encumbrances previously approved by Bondowner Representative in writing and the inchoate liens securing the payment of taxes and assessments not delinquent. Borrower acknowledges that, with any project of the magnitude of the Project, modifications of the Plans and Specifications and Loan Documents may be necessary from time to time and that the existence of junior lienholders, who would be required to consent to such modifications in order to protect the priority of the lien of the Deed of Trust, could impair the expeditious completion of the Project, to the detriment of all parties.

6.8 Prohibition of Transfer. Borrower represents, agrees and acknowledges that:

(i) Development of real property is a highly complex activity which requires substantial knowledge of law and business conditions and practices, and an ability to control, coordinate and schedule the many factors affecting such development. Experience, financial stability, managerial ability and a good reputation in the business community enhance a developer's ability to obtain market rents (or maximum permissible rents pursuant to the Regulatory Agreement and other Restrictions) and/or sales prices and to induce cooperation in scheduling and are taken into account by Bondowner Representative in approving loan applications.

(ii) Borrower has represented to Bondowner Representative, not only in the representations and warranties contained in the Loan Documents, but also in its initial credit application and in all of the negotiations connected with the Loan, certain facts concerning Borrower's financial stability, managerial and operational ability, reputation, skill, and credit worthiness. Bondowner Representative has relied upon these representations and warranties as a substantial and material consideration in its decision to enter into this Agreement.

(iii) The conditions and terms provided in this Agreement were induced by these representations and warranties and would not have been made available by Bondowner Representative in the absence of these representations and warranties.

(iv) Borrower's financial stability and managerial and operational ability and that of those persons or entities having a direct or beneficial interest in Borrower are a substantial and material consideration to any third parties who have entered or will enter into agreements with Borrower.

(v) Bondowner Representative has relied upon the skills and services offered by such third parties and the provision of such skills and services is jeopardized if Borrower breaches its covenants contained below regarding transfers.

(vi) Except as otherwise permitted under Section 6.8(b) and except for leases described in Section 6.16, a transfer of possession of or title to the Property, or a change in the person or entity operating, developing, constructing or managing the Property would substantially increase the risk of Default under the Loan Documents and significantly and materially impair and reduce Bondowner Representative's security for the obligations under this Agreement.

(b) In consideration of Bondowner Representative's induced reliance on such representations, warranties and agreements, Borrower shall not make any transfer prohibited by Section 5.12 of the Deed of Trust. Bondowner Representative

acknowledges that Borrower has granted or may grant an option and a right of first refusal with respect to transfers of the Project to the General Partner or Developer. The grant of such option and/or right of first refusal shall not constitute a violation of this Section 6.8, but any purchase of the Project pursuant to such option or right of first refusal without Bondowner Representative's prior consent shall constitute a violation of this Section 6.8 unless such purchase is permitted pursuant to Section 5.12 of the Deed of Trust.

(c) Without the prior written consent of Bondowner Representative, Borrower shall not assign Borrower's interest under any of the Bond Documents or Loan Documents, or in any monies due or to become due thereunder, and any assignment without such consent shall be void.

(d) Notwithstanding any other provision of this Agreement or the other Loan Documents to the contrary:

(i) Investor Limited Partner shall be permitted to remove the general partner of Borrower for cause and substitute a new general partner in its place in accordance with the terms and conditions of the Partnership Agreement; provided, however, that (A) Investor Limited Partner shall obtain the prior written consent of Bondowner Representative to such removal and substitution, which consent shall not be unreasonably withheld, provided further, however, that Bondowner Representative consent shall not be required if the Investor Limited Partner or an entity that controls, is controlled by, or is under common control with the Investor Limited Partner is the substitute general partner; (B) Investor Limited Partner shall have obtained the written consent of any Subordinate Lender, if required pursuant to its applicable Subordinate Loan Documents, to such removal and substitution and the agreement of such Subordinate Lender that its obligations shall be unaffected notwithstanding such removal and substitution; (C) the substitute general partner is admitted no later than sixty (60) days after the date of removal of the general partner or such longer period of time as to which Bondowner Representative may consent, and (D) the substitute general partner shall execute and deliver to Bondowner Representative such documents as Bondowner Representative may reasonably require in order to evidence its assumption of all of the rights and obligations of the removed general partner under all of the Loan Documents. It shall be deemed reasonable for Bondowner Representative to withhold consent to a substitute general partner if any Subordinate Lender does not give its required consent and agreement pursuant to the terms of its applicable Subordinate Loan Documents; and

(ii) Investor Limited Partner may make a Permitted Transfer of its limited partnership interests in Borrower upon satisfaction of the requirements for a "Permitted Transfer" set forth in the definition thereof in Section 1.1 hereof. Bondowner Representative acknowledges that Investor Limited Partner has granted or may grant an option and a right of first refusal with respect to transfers of its limited partnership interests in Borrower to the General Partner or Developer. The grant of such option and/or right of first refusal shall not

constitute a violation of this Section 6.8, but any transfer of such limited partnership interests pursuant to such option or right of first refusal without Bondowner Representative's prior consent shall constitute a violation of this Section 6.8 unless such transfer is permitted pursuant to Section 5.12 of the Deed of Trust.

6.9 Management of Property In accordance with the Management Agreement, the Property Manager shall provide management, leasing and operation services for the Project. Borrower shall not substitute the Property Manager or amend the Management Agreement, without the prior written consent of Bondowner Representative.

6.10 Income to be Applied to Debt Service. Prior to distributing any portion of the same to any partner of Borrower, Borrower shall apply all Gross Operating Income from the Property and the Project to the payment of (a) amounts currently payable under this Agreement and the other Loan Documents, (b) amounts currently payable under the Subordinate Loans, and (c) expenses of construction and operation of the Property (including any development fee to the extent payment of such development fee is allowed pursuant to the Disbursement Plan attached to this Agreement).

6.11 Proceeds of the Capital Contributions. With the exception of the Initial Capital Contribution which may be used by Borrower towards costs of construction of the Project or other Project Costs (including due diligence fees of Investor Limited Partner), none of the proceeds of the Capital Contributions shall be used for any purpose other than payment of (a) amounts payable under this Agreement and the other Loan Documents, (b) amounts payable under the Subordinate Loans, to the extent approved by Bondowner Representative, and (c) expenses of construction and operation of the Property (including any development fee to the extent payment of such development fee is allowed pursuant to the Disbursement Plan attached to this Agreement), unless Bondowner Representative consents in writing to such other use. Further, Borrower covenants and agrees that Borrower will comply and cause General Partner to comply with all obligations and requirements under the Partnership Documents necessary to cause the Tax Credit Investor to timely fund all Capital Contributions until all sums owing to Bondowner Representative under the Loan Documents have been paid in full.

6.12 Regulatory Agreement Compliance. Borrower shall provide to Bondowner Representative an annual certification of compliance with all applicable provisions of the Regulatory Agreement and Section 42 of the Code.

6.13 Subordinate Loans. Borrower shall deliver to Bondowner Representative copies, certified by Borrower to be true and correct, of the documents that evidence and secure the Subordinate Loans, the form and content of which shall be subject to Bondowner Representative's reasonable approval. Borrower shall at all times fully and timely comply and cause the Property and Improvements to comply with all applicable terms and conditions of the documents that evidence and secure the Subordinate Loans and shall provide Bondowner Representative with such verification of that compliance from time to time as reasonably requested by Bondowner Representative.

6.14 Americans With Disabilities Act Compliance. Borrower shall comply with all of the requirements of the ADA, as amended from time to time, which are applicable to the Project. Borrower shall be responsible for all ADA compliance costs.

6.15 ERISA Compliance. Borrower shall at all times comply with the provisions with respect to any retirement or other employee benefit plan to which it is a party as employer, and as soon as possible after Borrower knows, or has reason to know, that any “reportable event” (as defined in ERISA) with respect to any such plan of Borrower has occurred, it shall furnish to Bondowner Representative a written statement setting forth details as to such reportable event and the action, if any, which Borrower proposes to take with respect thereto, together with a copy of the notice of such reportable event furnished to the Pension Benefit Guaranty Corporation.

6.16 Leasing. Borrower shall comply at all times with all requirements of the Regulatory Agreement and other Restrictions, and all leases of all or any part of the Project shall be on a form of lease approved by Bondowner Representative prior to Borrower’s execution of any such lease. All standard lease forms and any material deviation from any form, shall be approved by Bondowner Representative prior to execution of any lease using such form.

6.17 Further Assurances. Upon Bondowner Representative’s request and at Borrower’s sole cost and expense, Borrower shall execute, acknowledge and deliver any other instruments and perform any other acts necessary, desirable or proper, as determined by Bondowner Representative, to carry out the purposes of this Agreement and the other Loan Documents and Bond Documents or to perfect and preserve any liens created by the Loan Documents; provided, however, that no such instruments or acts shall change the economic terms of the transactions described herein or expand the liability of the parties hereunder. In addition, upon any modification of any Loan Document or Bond Document, Borrower shall, at Borrower’s sole cost and expense, deliver to Bondowner Representative, in form and content reasonably satisfactory to Bondowner Representative, a written confirmation of any subordination agreement described on Exhibit B attached hereto.

6.18 Books and Records. Borrower shall maintain complete books of account and other records for the Project and for disbursement and use of the proceeds of the Bonds and Borrower’s Funds, and the same shall be available for inspection and copying by Bondowner Representative upon reasonable prior notice.

6.19 Reservation Letter; Tax Credits. Borrower shall take all action necessary to maintain the Reservation Letter in full force and effect and to obtain the Tax Credits reserved in the Reservation Letter. Borrower shall not amend, modify or terminate, or allow to lapse or expire, the Reservation Letter. Borrower shall satisfy all conditions precedent to the issuance of the Tax Credits as soon as reasonably possible and in any event prior to the date upon which the Reservation Letter (or the reservation of Tax Credits described therein) would expire or lapse. Borrower shall comply, and cause the Project to comply, with all requirements imposed by the Code or by Governmental Authorities in order to preserve the Tax Credits in the full amount provided in the Reservation Letter. Without limitation upon the foregoing, Borrower shall timely file all certifications and reports required in connection with the Tax Credits, and shall

deliver copies of such certifications and reports to the Bondowner Representative concurrently with the filing of the same.

6.20 Covenant for the Benefit of the Bondholders. Borrower recognizes the authority of the Issuer to assign its interest in and pledge moneys receivable under this Agreement to the Bondowner Representative as security for the payment of the principal of and interest and redemption premiums, if any, on the Bonds, and the payment of all other amounts as set forth in Article 3 of this Agreement. Borrower hereby (i) agrees to be bound by the Issuer's grant of such assignment and pledge, (ii) grants to the Bondowner Representative a security interest in any right and interest Borrower may have in sums held pursuant to the Indenture, to secure the obligations of Borrower under this Agreement and the other Loan Documents and (iii) agrees that the Bondowner Representative shall have all of the rights of a secured party under the California Uniform Commercial Code in connection with such security interest. Each of the terms and provisions of this Agreement is a covenant for the use and benefit of the Bondholders and the Bondowner Representative, so long as the Bonds shall remain Outstanding; but upon payment in full of the Bonds in accordance with Article X of the Indenture and of all fees and charges requested under Sections 3.3 and 3.4 of this Agreement, all references in this Agreement to the Bondowner Representative, the Bonds and the Bondholders shall be ineffective, and the Bondholders and the Bondowner Representative shall thereafter have no rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder which survive termination of this Agreement.

6.21 Inspection and Access.

Borrower agrees that the Issuer, the Bondowner Representative and their duly authorized agents, shall have the right to examine and inspect during normal business hours, and for that purpose to enter upon, the Property, and shall also have such right of access thereto at reasonable times and under reasonable conditions and subject to the rights of tenants in possession as may be reasonably necessary to cause the Project to be properly maintained in accordance with Article 5 and in accordance with the applicable provisions of the other Loan Documents. In each instance, the Issuer, the Bondowner Representative and their duly authorized agents will give Borrower reasonable notice before entering the Project premises and make reasonable efforts to avoid interfering with Borrower's use of the Property when exercising any of the rights granted in this Section.

(b) Subject to the restrictions of all applicable laws, Borrower hereby covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary in order to grant to the Issuer and the Bondowner Representative the rights of access and entry described herein and agrees that such rights of access and entry shall not be terminated, curtailed or otherwise limited by any assignment, lease or other transfer of the Property by Borrower to any other person and subject to the rights of tenants in possession at reasonable times and under reasonable conditions.

6.22 Annual Statement; Continuing Disclosure.

(a) Borrower covenants that as long as any amount owed by Borrower under this Agreement remains unpaid, at Borrower's sole cost and expense, to furnish the Bondowner Representative with annual audited operating statements and balance sheets, which shall be prepared by an independent accounting firm with respect to Borrower, and with annual unaudited financial statements for the General Partner certified by its chief financial officer. The Bondowner Representative shall have no responsibility to review such statements.

(b) Borrower covenants and agrees to take all actions required in order to comply with Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as the same may be amended from time to time, if such compliance is required at any time while amounts outstanding under this Agreement remain unpaid to effect such compliance.

6.23 INDEMNITY.

(a) TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE ISSUER, THE BONDOWNER REPRESENTATIVE, AND EACH OF THEIR RESPECTIVE OFFICERS, GOVERNING MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS 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) (COLLECTIVELY, "LIABILITIES"), 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 BONDS, THE INDENTURE, THIS AGREEMENT, THE REGULATORY AGREEMENT, THE TAX CERTIFICATE, OR ANY OTHER DOCUMENT TO WHICH THE ISSUER IS A PARTY, 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 BONDS;

(ii) ANY ACT OR OMISSION OF BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES 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 CONSTRUCTION OF, THE PROJECT OR ANY PART THEREOF;

(iii) ANY LIEN OR CHARGE UPON PAYMENTS BY BORROWER TO THE ISSUER AND THE BONDOWNER REPRESENTATIVE HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON THE ISSUER IN RESPECT OF ANY PORTION OF THE PROJECT;

(iv) ANY VIOLATION OF ANY ENVIRONMENTAL REGULATIONS WITH RESPECT TO, OR THE RELEASE OF ANY HAZARDOUS SUBSTANCES FROM, THE PROJECT OR ANY PART THEREOF;

(v) THE DEFEASANCE AND/OR REDEMPTION, IN WHOLE OR IN PART, OF THE BONDS;

(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 THE BONDS OR ANY OF THE DOCUMENTS RELATING TO THE BONDS, OR ANY OMISSION OR ALLEGED OMISSION FROM ANY OFFERING STATEMENT OR DISCLOSURE OR CONTINUING DISCLOSURE DOCUMENT FOR THE BONDS 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 THE BONDS, OR ALLEGATIONS (OR REGULATORY INQUIRY) THAT INTEREST ON THE BONDS IS TAXABLE, FOR FEDERAL TAX PURPOSES (EXCEPT IN THE HANDS OF A SUBSTANTIAL USER); AND

(viii) THE BONDOWNER REPRESENTATIVE'S ACCEPTANCE OR ADMINISTRATION OF THE TRUST OF THE INDENTURE, OR THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES THEREUNDER OR UNDER ANY OF THE DOCUMENTS RELATING TO THE BONDS TO WHICH IT IS A PARTY;

EXCEPT (A) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE BONDOWNER REPRESENTATIVE OR ANY OF ITS RESPECTIVE OFFICERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND

AGENTS, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY; OR (B) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE ISSUER OR ANY OF ITS OFFICERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY. IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST ANY INDEMNIFIED PARTY WITH RESPECT TO WHICH INDEMNITY MAY BE SOUGHT HEREUNDER, BORROWER, UPON WRITTEN NOTICE FROM THE INDEMNIFIED PARTY, SHALL ASSUME THE INVESTIGATION AND DEFENSE THEREOF, INCLUDING THE EMPLOYMENT OF COUNSEL ACCEPTABLE TO 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 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 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) BORROWER SHALL IMMEDIATELY PAY TO BONDOWNER REPRESENTATIVE OR THE ISSUER, AS THE CASE MAY BE, UPON DEMAND, ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. THE RIGHTS OF ANY PERSONS TO INDEMNITY HEREUNDER AND RIGHTS TO PAYMENT OF FEES AND REIMBURSEMENT OF EXPENSES HEREUNDER SHALL SURVIVE THE FINAL PAYMENT OR DEFEASANCE OF THE BONDS AND IN THE CASE OF THE BONDOWNER REPRESENTATIVE ANY RESIGNATION OR REMOVAL. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT, CANCELLATION OF THE NOTE AND RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

(c) NOTHING CONTAINED IN THIS SECTION 6.23 SHALL IN ANY WAY BE CONSTRUED TO LIMIT THE INDEMNIFICATION RIGHTS OF THE ISSUER CONTAINED IN SECTION [9] OF THE REGULATORY AGREEMENT. WITH RESPECT TO THE ISSUER, THE REGULATORY AGREEMENT SHALL CONTROL IN ANY CONFLICTS BETWEEN THIS SECTION 6.23 AND SECTION [9] OF THE REGULATORY AGREEMENT.

6.24 Keeping Guarantors and Tax Credit Investor Informed. Borrower must keep each of the Guarantors and Tax Credit Investor informed of Borrower's financial condition and business operations, the condition and all uses of the Property, including all changes in condition or use, and any and all other circumstances that might affect Borrower's ability to pay or perform its obligations under this Agreement.

6.25 Status of Borrower.

(a) Throughout the term of this Agreement, Borrower will maintain its existence as a limited partnership under the laws of the State of California in good standing and qualified to transact business in the State and will not wind up or otherwise dispose of all or substantially all of its assets.

(b) Notwithstanding the provisions of the Deed of Trust, Borrower shall not effect a merger, consolidation or transfer if the result thereof would cause the interest on the Bonds (in the hands of any person who is not a "substantial user" of the Project or a "related person") to become includable in gross income for federal income tax purposes.

(c) Upon any change in the status of Borrower, by way of substitution, sale or otherwise of Borrower, the Issuer shall be promptly informed and, if requested, Borrower as newly constituted shall deliver to the Issuer and the Bondholders an instrument in form satisfactory to each of them affirming the liability of Borrower hereunder

6.26 No Amendments; Partnership Documents. Subject to the terms of this Agreement, Borrower shall not amend, modify or terminate any of the following documents without Bondowner Representative's prior written consent and shall keep in full force and effect the following documents:

- (a) The Partnership Documents;
- (b) The Restrictions;
- (c) The Subordinate Loan Documents;
- (d) The Subsidy Contracts;
- (e) The HCD MHP Standard Agreement; and
- (f) The HCD VHHP Standard Agreement.

Notwithstanding the foregoing, General Partner shall be entitled to amend the Partnership Agreement without Bondowner Representative's prior written consent (i) to effectuate the removal and substitution of the general partner or Investor Limited Partner in accordance with and subject to the terms of Section 6.8(d) of this Agreement, or any other transfer and admission which is otherwise permitted without consent hereunder or under the Deed of Trust, (ii) to correct scrivener's errors in the Partnership Agreement, or (iii) to conform the Partnership

Agreement to the requirements of Section 42 of the Code and the regulations promulgated thereunder, the requirements of TCAC or the requirements of the welfare exemption. After any change to the Partnership Agreement, whether it requires Bondowner Representative's consent or not, Borrower shall promptly provide a revised version thereof to Bondowner Representative. Further, during the term of the Loan, General Partner shall not jeopardize in a material way the Property or the financial viability of Borrower by (i) violating its fiduciary responsibilities under the Partnership Agreement, or (ii) willfully violating any law, regulation or order applicable to Borrower, if such violations are not remedied or cured as permitted in the time frames provided under the Partnership Agreement. Borrower shall notify Bondowner Representative and upon Bondowner Representative's reasonable request, shall promptly deliver to Bondowner Representative copies of all written notices by any party under the Partnership Agreement.

Borrower shall not (i) allow or enable Borrower to issue any partnership interests or equity interests other than as set forth in the Partnership Agreement; (ii) dissolve Borrower; (iii) cause the removal or replacement of General Partner other than as expressly provided in Section 6.8(d) of this Agreement; or (iv) except as otherwise permitted under the terms of the Partnership Agreement, materially reduce the amount of the Capital Contributions or alter the time for payment or impair or alter the obligations of the Investor Limited Partner to make or fully fund Capital Contributions in the amounts required pursuant to this Agreement; provided, however, that this Section 6.26 shall not prevent Borrower from accepting any Capital Contributions under the Partnership Agreement, and the Partnership Documents shall remain in full force and effect until all sums owing with respect to the Loan have been paid.

6.27 Negative Covenants. Without Bondowner Representative's prior written consent, Borrower may not:

- (a) engage in any business activities substantially different from Borrower's present business;
- (b) liquidate or dissolve Borrower's business;
- (c) lease (other than to tenants at the Project) or dispose of all or a substantial part of Borrower's business or Borrower's assets; or
- (d) enter into any consolidation, merger, pool, joint venture, syndicate or other combination, except as permitted hereunder or by Section 5.12 of the Deed of Trust.

6.28 Tax Status of Bonds. Borrower hereby covenants, represents and agrees as follows: (a) that Borrower will not take or permit any action to be taken that would adversely affect either the exclusion from gross income for federal income tax purposes of the interest on the Bonds and, if it should take or permit any such action, Borrower will take all lawful actions to rescind such action promptly upon having knowledge thereof; and (b) that Borrower will take such action or actions, including amending the Loan and this Agreement, as determined reasonably necessary in the opinion of Bond Counsel to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under the Code.

Borrower further covenants and agrees that it will direct all investments in compliance with the Code. Borrower covenants and agrees to cause to be calculated by an arbitrage consultant and pay to the Bondowner Representative any amounts owing to the United States as rebatable arbitrage in accordance with the procedures set forth in the Tax Certificate.

6.29 Incorporation of Tax Certificate. The covenants, representations, warranties and agreements of Borrower set forth in the Tax Certificate are incorporated by reference herein as if fully set forth herein.

6.30 Loss of Tax Exclusion. Borrower understands that the interest rates provided under the Note and this Agreement have been established on the assumption that interest paid on the Bonds will be excludable from the Bondholders' gross income under Section 103 of the Code and applicable State law. In the event that (i) Borrower receives notice from Bondowner Representative that Bondowner Representative has discovered any facts or circumstances that Bond Counsel determines would cause interest paid on the Bonds not to be tax-exempt; or (ii) any Bondholder receives a final determination from the Internal Revenue Service or other Governmental Authority that interest payable on the Bonds is not tax-exempt, then the Effective Rate on the Note shall be increased to the Default Rate. In the event of an increase in the Effective Rate under this Section 6.30, Borrower shall pay to the Bondholders promptly upon demand an amount sufficient to adjust previous payments of interest to the increased rate for any and all periods during which the Bonds are deemed to have not been tax-exempt. BORROWER SHALL ALSO INDEMNIFY, DEFEND AND HOLD ISSUER AND BONDOWNER REPRESENTATIVE HARMLESS FROM ANY PENALTIES, INTEREST EXPENSE OR OTHER COSTS, INCLUDING REASONABLE ATTORNEYS' FEES (INCLUDING ALL CHARGES OF ISSUER'S AND BONDOWNER REPRESENTATIVE'S INTERNAL AND TAX COUNSEL) AND ACCOUNTANTS' COSTS, RESULTING FROM ANY DISPUTE WITH THE INTERNAL REVENUE SERVICE CONCERNING THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST ON THE BONDS AND THE INTEREST PAYABLE TO ANY BONDHOLDER ON THE BONDS, AND UPON RECEIPT BY BONDOWNER REPRESENTATIVE OF THE AMOUNTS SET FORTH IN THE FOREGOING INDEMNITY, BONDOWNER REPRESENTATIVE SHALL ASSIGN TO BORROWER ANY CLAIMS IT MAY HAVE AGAINST THIRD PARTIES FOR NEGLIGENT ACTS OR OMISSIONS IN CONNECTION WITH THE FAILURE OF INTEREST ON THE BONDS TO BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE ISSUER SHALL HAVE THE RIGHT TO ENTER INTO CLOSING AGREEMENTS WITH THE INTERNAL REVENUE SERVICE IN THE ISSUER'S SOLE DISCRETION, AND ANY LIABILITY ARISING UNDER SUCH CLOSING AGREEMENTS SHALL BE PAID BY BORROWER. THE OBLIGATIONS OF BORROWER UNDER THIS PARAGRAPH SHALL SURVIVE TERMINATION OF THIS AGREEMENT AND REPAYMENT OF THE LOAN.

6.31 Taxes, Regulatory Costs and Reserve Percentages. Upon Bondowner Representative's demand, Borrower shall pay to Bondowner Representative, in addition to all other amounts which may be, or become, due and payable under this Agreement and the other Loan Documents, any and all Taxes and Regulatory Costs, to the extent they are not internalized by calculation of an Effective Rate. Further, at Bondowner Representative's option, the Effective Rate shall be automatically adjusted by adjusting the Reserve Percentage, as

determined by Bondowner Representative in its prudent banking judgment, from the date of imposition (or subsequent date selected by Bondowner Representative) of any such Regulatory Costs. Bondowner Representative shall give Borrower notice of any Taxes and Regulatory Costs as soon as practicable after their occurrence, but Borrower shall be liable for any Taxes and Regulatory Costs regardless of whether or when notice is so given.

6.32 Amendment of Regulatory Agreement. Borrower shall not suffer or permit to become effective any restrictions (including, without limitation, any “automatic” amendment of the Regulatory Agreement pursuant to its terms) which imposes requirements with respect to the occupancy, leasing or operation of the Project which are materially more burdensome than those contained in the Regulatory Agreement as of the date of this Agreement, without first obtaining the consent of Bondowner Representative to the imposition of such restriction, which consent shall not be unreasonably withheld in connection with an “automatic” amendment of the Regulatory Agreement pursuant to its terms.

6.33 Tax Covenants. Borrower shall comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreement. Without limiting the foregoing and notwithstanding anything to the contrary in this Agreement, Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Bonds to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) Borrower will not use the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, in the manner which will cause the Bonds to be “arbitrage bonds” within the meaning of such section, and will comply with the requirements of such Section throughout the term of the Bonds;

(b) Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) Borrower will pay to the United States any amount required to be paid by the Issuer or Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, and Borrower shall compute, or cause to be computed, such amounts annually until the earlier of (i) the maturity date of the Bonds or (ii) the date on which no Bonds remain outstanding;

(d) not less than ninety-five percent (95%) of the net proceeds of the Bonds (within the meaning of Section 142(a) of the Code) shall be used to pay Qualified Project Costs;

(e) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148 1(b) of the Treasury Regulations (which requirements must be met in order for the Loan to qualify as a program investment within the meaning of that section), neither Borrower nor any related person will purchase Bonds in an amount related to the amount of the Loan;

(f) no changes will be made to the Project, no actions will be taken by Borrower, and Borrower will not omit to take any actions, which will in any way adversely affect the tax exempt status of the interest on the Bonds;

(g) if Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the Bonds becoming includable in gross income for federal income tax purposes, Borrower will promptly give written notice of such circumstance, event or condition to the Issuer and the Bondowner Representative;

(h) the full amount of each disbursement from the Loan will be applied to pay or to reimburse Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least ninety-five percent (95%) of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to pay Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than twenty five percent (25%) of the net proceeds of the Bonds will have been disbursed to pay or to reimburse Borrower for the cost of acquiring land, (iii) not more than two percent (2%) of the proceeds of the Bonds will have been used for Costs of Issuance (as defined in the Regulatory Agreement), and (iv) none of the proceeds of the Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

(i) Borrower will cause all of the residential units in the Project (with the exception of one manager's unit(s)) to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code, the Regulatory Agreement and the other Restrictions;

(j) all leases for the Project will comply with all applicable laws and the Regulatory Agreement;

(k) in connection with any lease or grant by Borrower of the use of the Project, Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Agreement, the Regulatory Agreement or the other Restrictions;

(l) no portion of the proceeds of the portion of the Loan 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, and no portion of the proceeds of the Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the Project;

(m) no proceeds of the Bonds will be used, for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this

limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in the Code) with respect to such building equal or exceed fifteen percent (15%) of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed one hundred percent (100%) of the portion of the cost of acquiring such structure financed with the proceeds of the Bonds; and

(n) prior to the issuance of the Bonds, the California Debt Limit Allocation Committee shall have transferred a portion of the State of California's private activity bond allocation (within the meaning of Section 146 of the Code) at least equal to the original principal amount of the Bonds.

6.34 Regulatory Agreements. Borrower shall comply with all terms and provisions of the Regulatory Agreement and the other Restrictions and shall not amend any of these agreements without the prior written consent of Bondowner Representative.

6.35 Swap Agreements. If Borrower enters into any Swap Agreement with Bondowner Representative, Borrower shall, upon receipt from Lender, execute promptly all documents evidencing such transaction.

6.36 Subsidy Payments. Borrower will timely perform all obligations of Borrower with respect to the Subsidy Contracts, and shall take all actions necessary to maintain the Subsidy Contracts in full force and effect and to prevent the termination or reduction of the Subsidy Payments to the Project provided thereunder.

ARTICLE 7 INSURANCE

Borrower shall, while any obligation of Borrower or Guarantor under any Loan Document remains outstanding, maintain at Borrower's sole expense, with licensed insurers approved by Bondowner Representative, the following policies of insurance in form and substance satisfactory and with deductible amounts satisfactory to Bondowner Representative:

7.1 Title Insurance. Delivery of the Title Policy is required pursuant to Section 4.1(j). During the term of the Loan, Borrower shall deliver to Bondowner Representative, within five (5) days of Bondowner Representative's written request, such endorsements to the Title Policy as Bondowner Representative may reasonably require. Without limiting the foregoing, upon request of Bondowner Representative after completion of the Improvements, Borrower shall provide a valid Notice of Completion evidencing that the Improvements are 100% complete, and shall cause the Title Company to issue to Bondowner Representative, at Bondowner Representative's option, lien free endorsements to the Title Policy in form and content satisfactory to Bondowner Representative and/or LP-10 Re-Writes to the Title Policy in form and content satisfactory to Bondowner Representative.

7.2 Property Insurance. During the course of construction of the Project, a builder's risk completed value hazard insurance policy in the full replacement cost of the improvements, including, without limitation, such endorsements as Bondowner Representative may require, insuring Bondowner Representative against damage to the Property and Project in an amount accepted to Bondowner Representative. With respect to all completed improvements, a policy of "all risk" comprehensive fire and casualty insurance in the full replacement cost of the improvements, with agreed value and such other endorsements as Bondowner Representative may require, including, without limitation, insurance against acts of terrorism, and policy of rental interruption insurance covering a period of not less than twelve (12) months. Policies required pursuant to this Section 7.2 shall insure against loss from such risks, losses or hazards as Bondowner Representative may from time to time require, including riot, civil commotion, vandalism, malicious mischief, earthquake and earth movement.

7.3 Flood Hazard Insurance. A policy of flood insurance, as required by applicable governmental regulations, or as deemed necessary by Bondowner Representative.

7.4 Liability Insurance. A policy of comprehensive general liability insurance with limits as required by Bondowner Representative, insuring against liability for injury and/or death to any person and/or damage to any property occurring on the Property and/or in the Project from any cause whatsoever naming Bondowner Representative as an additional insured party.

7.5 Other Coverage. Borrower shall provide to Bondowner Representative evidence of such other reasonable insurance in such reasonable amounts as Bondowner Representative may from time to time request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located. Such coverage requirements may include but are not limited to coverage for earthquake, business income, delayed business income, rental loss, sink hole, soft costs, tenant improvements or environmental.

7.6 General. Borrower shall provide to Bondowner Representative insurance certificates or other evidence of coverage in form acceptable to Bondowner Representative, with coverage amounts, deductibles, limits and retentions as required by Bondowner Representative. All insurance policies shall provide that coverage shall not be cancelable or materially changed without 10 days prior written notice to Bondowner Representative of any cancellation for nonpayment of premiums, and not less than 30 days prior written notice to Bondowner Representative of any other cancellation or any modification (including a reduction in coverage). Bondowner Representative shall be named under a Lender's Loss Payable Endorsement (form #438BFU or equivalent) on all insurance policies which Borrower actually maintains with respect to the Property and Improvements. All insurance policies shall be issued and maintained by insurers approved to do business in the State of California and must have A.M. Best Company financial rating and policyholder surplus acceptable to Bondowner Representative.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES OF ISSUER AND BORROWER

8.1 Representations and Warranties of the Issuer. The Issuer makes the following representations and warranties:

(a) The Issuer is a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, and is authorized to issue the Bonds to finance a portion of the cost of the Project pursuant to the Act.

(b) The Issuer has lawful power and authority under the Act to enter into this Agreement and the Indenture and to carry out its obligations hereunder and under the Indenture. To the Issuer's knowledge, the execution, delivery and performance of the Bond Documents by the Issuer will not violate any material provision of any law, regulation, order or decree of any Governmental Authority and all consents, approvals, authorizations, orders or filings of or with any State court or governmental agency or body, if any, required for the execution, delivery and performance of such documents by the Issuer have been obtained or made. All requirements have been met and procedures have occurred in order to ensure the enforceability against the Issuer of the Bond Documents. The Issuer has taken all necessary action and has complied with all provisions of the Act required to make the Bond Documents the valid and binding obligations of the Issuer.

(c) To the Issuer's knowledge, the Issuer has not received notice of any pending or threatened action, suit or proceeding, arbitration or governmental investigation against the Issuer, an adverse outcome of which would materially affect the Issuer's performance under the Bond Documents.

(d) To the Issuer's knowledge, the execution, delivery and performance of the Bond Documents by the Issuer will not cause or constitute a material default under or materially conflict with its organizational documents or other agreements to which it is a party or otherwise materially adversely affect performance of the duties of the Issuer under such organizational documents or other agreements.

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

(a) Authority/Enforceability/Execution. Borrower is a California limited partnership in good standing under the laws of the State of California. Borrower is in compliance with all laws and regulations applicable to its organization, existence and transaction of business and has all necessary rights and powers to own and develop the Project as contemplated by the Loan Documents. The Borrower has full legal right, power and authority to enter into this Agreement, the other Loan Documents and the Bond Documents, and to carry out and consummate all transactions contemplated hereunder and under the other Loan Documents and Bond Documents, and by proper corporate action has duly authorized the execution, delivery and performance of the Loan Documents and Bond Documents. This Agreement, the other Loan Documents

and the Bond Documents have been duly authorized, executed and delivered by the Borrower. The officers of the Borrower executing the Bond Documents and the Loan Documents are duly and properly in office and fully authorized to execute the same.

(b) Binding Obligations. The Bond Documents and the Loan Documents will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms.

(c) Formation and Organizational Documents. Borrower has delivered to Bondowner Representative all formation and organizational documents of Borrower, of the partners, joint venturers or members of Borrower, if any, and all of the Guarantors of the Loan, if any, and all such formation and organizational documents remain in full force and effect and have not been amended or modified since they were delivered to Bondowner Representative. Borrower shall immediately provide Bondowner Representative with copies of any amendments or modifications of the formation or organizational documents.

(d) No Violation. The execution and delivery of the Bond Documents and the Loan Documents, the consummation of the transactions therein contemplated and the fulfillment of or compliance with the terms and conditions thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Partnership Agreement or other governing documents of Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or the terms of any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower. No consent or approval of any trustee or holder of any indebtedness of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Bond Documents and the Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(e) Compliance With Laws. Borrower has, and at all times shall have obtained, all permits, licenses, exemptions, and approvals necessary to construct, occupy, operate and lease the Project, and shall maintain compliance with all governmental requirements applicable to the Project and all other applicable statutes, laws, regulations and ordinances necessary for the transaction of its business.

(f) Litigation. There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of Borrower, after reasonable investigation, threatened, against or affecting Borrower or the financial condition, assets, properties or

operations of Borrower, and Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default would affect the consummation of the transactions contemplated by the Bond Documents and the Loan Documents, or the financial condition, assets, properties or operations of Borrower. All tax returns (federal, state and local) required to be filed by or on behalf of Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by Borrower in good faith in accordance with the requirements of this Agreement, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

(g) Financial Condition. All financial statements and information heretofore delivered to Bondowner Representative by Borrower, including, without limitation, information relating to the financial condition of Borrower, the Project, the partners, joint venturers or members of Borrower, and/or any Guarantor, fairly and accurately represent the financial condition of the subject thereof and have been prepared (except as noted therein) in accordance with generally accepted accounting principles consistently applied. Notwithstanding the use of generally accepted accounting principles, the calculation of liabilities shall NOT include any fair value adjustments to the carrying value of liabilities to record such liabilities at fair value pursuant to electing the fair value option election under FASB ASC 825-10-25 (formerly known as FAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*) or other FASB standards allowing entities to elect fair value option for financial liabilities. Therefore, the amount of liabilities shall be the historical cost basis, which generally is the contractual amount owed adjusted for amortization or accretion of any premium or discount. Borrower acknowledges and agrees that Bondowner Representative may request and obtain additional information from third parties regarding any of the above, including, without limitation, credit reports.

(h) No Material Adverse Change. There has been no material adverse change in the financial condition of Borrower and/or any of the Guarantor or the General Partner since the dates of the latest financial statements furnished to Bondowner Representative and, except as otherwise disclosed to Bondowner Representative in writing, Borrower has not entered into any material transaction which is not disclosed in such financial statements. No written information, exhibit or report furnished to the Issuer or Bondowner Representative by Borrower in connection with the negotiation of the Bond Documents and the Loan Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) Proceeds of the Bonds and Adequacy. The aggregate proceeds of the Loan and the Subordinate Loans, together with the Capital Contributions of Investor

Limited Partner in the amounts specified in the Partnership Agreement, are sufficient to construct the Project in accordance with the terms and conditions of this Agreement and the other Loan Documents.

(j) Accuracy. All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative by Borrower concerning the Loan or security for the Loan or required by the Loan Documents are accurate, correct and complete and give Bondowner Representative true, accurate and complete knowledge of their subject matter and do not contain any material misrepresentation or omission.

(k) Tax Liability. Borrower has filed all required federal, state, county and municipal tax returns and has paid all taxes and assessments owed and payable, and Borrower has no knowledge of any basis for any additional payment with respect to any such taxes and assessments.

(l) Utilities. All utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the development and occupancy of the Project are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Project.

(m) Compliance. Borrower is familiar with and in compliance with all governmental requirements for the development of the Property and will conform to and comply with all governmental requirements and the Plans and Specifications.

(n) Americans With Disabilities Act Compliance. To the extent required by applicable law, the Project has been designed and shall be constructed and completed, and thereafter maintained, in strict accordance and full compliance with all of the requirements of the ADA, as amended from time to time.

(o) Tax Credits. Pursuant to the Tax Exempt Reservation Letter ("Reservation Letter") dated _____, Borrower has received a reservation for the Project from TCAC for Federal Tax Credits in the amount of \$_____.00 annually for each of ten (10) years. Borrower shall completely and in a timely manner perform all actions and meet all requirements to maintain and perfect the reservation and Tax Credit allocation, including: (a) timely furnishing to TCAC all of the items required to be furnished to it in order to prevent the expiration of the reservation; and (b) placing the Project in service within the time period prescribed by the Code. If Bondowner Representative determines, in its sole and absolute discretion, that Borrower will not meet the TCAC requirement to place the project "in service" as set forth in the Reservation Letter, Borrower hereby agrees to reapply for the next available allocation of Tax Credits within all time limits and requirements as established by TCAC. Failure to do so is a Default pursuant to Article 15 of this Agreement.

(p) Bond-Related Representations.

(i) In addition to the Bonds, no other obligations have been or are expected to be issued under Section 103 of the Code for sale at substantially the same time as the Bonds are sold pursuant to a common plan of marketing and at substantially the same rate of interest as the Bonds and which are payable in whole or part by Borrower or otherwise have with the Bonds any common or pooled security for the payment of debt service thereon, or which are otherwise treated as the same “issue of obligations” as the Bonds as described in Revenue Ruling No. 81-216.

(ii) Borrower is not in the trade or business of selling properties such as the Project and has acquired the Project for investment purposes only or otherwise for use by Borrower in its trade or business, and therefore Borrower has no present intention to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Project in the foreseeable future except in connection with the purchase option granted to General Partner in accordance with the Partnership Agreement.

(iii) Borrower has reviewed and approved the provisions of the Indenture.

(iv) To the best of Borrower’s knowledge, no member of the governing body of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment or otherwise, in Borrower, the Project or the transactions contemplated hereby.

(v) The covenants, representations and warranties of Borrower in the Regulatory Agreement are true and correct as of the date hereof and are incorporated herein by reference and made a part of this Agreement.

(vi) Borrower has not entered into the transaction evidenced hereby with the actual intent to hinder, delay or defraud any creditor and Borrower has received reasonably equivalent value in exchange for its obligations hereunder and under the Deed of Trust and the Regulatory Agreement.

(vii) Borrower has no known material contingent liabilities.

(viii) Borrower has no material financial obligation under any financing agreement, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower or the Project are otherwise bound, other than (a) obligations under this Agreement and the other Loan Documents to which Borrower is a party; (b) the Subordinate Loans; and (c) obligations which may be incurred by Borrower from time to time in the ordinary course of business.

(ix) Borrower has not borrowed or received other debt financing that has not been heretofore repaid in full, except for (a) the Subordinate Loans and (b) equipment financing relating to laundry facilities on the Property.

(x) Borrower is not (a) an “investment company” or a company “controlled by an investment company” within the meaning of the Investment Company Act of 1940, as amended; (b) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict its ability to borrow money other than Article 15 of the California State Constitution.

(xi) Except as disclosed in the Title Policy, there are no pending or, to the knowledge of Borrower, proposed special or other assessments for public improvements affecting the Project, nor, to the knowledge of Borrower, are there any contemplated improvements to the Property that may result in such special or other assessments.

(xii) No statement of fact made by Borrower herein or in the Loan Documents to which Borrower is a party contains any untrue statement of a material fact or omits to state any material fact necessary to make statements made by Borrower herein or therein not misleading. There is no fact presently known to Borrower which has not been disclosed which adversely affects or, to the best of Borrower’s knowledge, would adversely affect the business, operations or conditions (financial or otherwise) of Borrower.

(xiii) All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative by Borrower concerning the Loan or required by the Loan Documents are (or, in the case of materials prepared by persons other than Borrower or its partners or Tax Credit Investor, are to the best of Borrower’s knowledge) accurate, correct and sufficiently complete to give Bondowner Representative true and accurate knowledge of their subject matter.

(xiv) Borrower owns directly, and not through any affiliated entity, all of the personal property and fixtures necessary for the operation of the Property for the uses presently being conducted thereon.

(xv) Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Code.

(xvi) Before any Guarantor became obligated in connection with the Loan, Borrower made full disclosure to such Guarantor and Tax Credit Investor regarding Borrower’s financial condition and business operations, the present and former condition, uses and ownership of the Property and all other circumstances bearing upon Borrower’s ability to pay and perform its obligations under the Loan Documents.

(q) Tax Shelter Regulations. Neither Borrower, any guarantor, any non-borrower trustor, nor any subsidiary of any of the foregoing intends to treat the Loan or the transactions contemplated by this Agreement and the other Loan Documents as being a “reportable transaction” (within the meaning of Treasury Regulation Section 1.6011-4). If Borrower or any other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify the Bondowner Representative thereof. If Borrower so notifies the Bondowner Representative, Borrower acknowledges that Bondowner Representative may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Bondowner Representative will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

(r) Commencement of Construction. As of the Effective Date, construction of the Project on the Property has not commenced and materials to be used in the construction of the Project have not been delivered to or stored on the Property.

8.3 Representations and Warranties of Borrower Related to Certain Tax Matters. Borrower further represents and warrants that:

(a) as of the Closing Date, Borrower is in compliance with all requirements of the Tax Certificate, and the representations set forth in the Tax Certificate pertaining to Borrower and the Project are true and accurate;

(b) the Bonds are not “federally guaranteed” as defined in Section 149(b) of the Code;

(c) in accordance with Section 147(b) of the Code, the weighted average maturity of the Bonds does not exceed one hundred twenty percent (120%) of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the proceeds of the Bonds, determined as of the later of the date the Bonds are issued or the date the facilities are expected to be placed in service;

(d) neither Borrower nor, to the best knowledge of Borrower, any “related person” to Borrower (within the meaning of Section 147(a)(2) of the Code), will purchase Bonds pursuant to any arrangement, formal or informal;

(e) the information furnished by Borrower and used by the Issuer in preparing the certificate pursuant to Section 148 of the Code and information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bonds;

(f) the construction and equipping of the Project were not commenced prior to the sixtieth (60th) day preceding the adoption of the resolution of the Issuer with respect to the Project on _____, and no obligation for which reimbursement will be sought from proceeds of the Bonds relating to the construction or equipping of the Project was paid or incurred prior to sixty (60) days prior to such date;

(g) the Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable on the Closing Date and the representations and warranties of Borrower in the Regulatory Agreement are true and correct;

(h) Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws; and

(i) no money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, will be used by or under the direction of Borrower in a manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

8.4 Tax Exemption; Regulatory Agreement. Borrower hereby covenants, represents and agrees as follows:

(a) not to take or omit to take any action with respect to this Agreement or the Project (solely with respect to Borrower) that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds (so long as the Bonds are not owned by a person or entity which is a “substantial user” of the Property);

(b) to take such action or actions, including amendment of the Regulatory Agreement, as may be necessary in the opinion of Bond Counsel, to preserve or perfect the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(c) to file of record such documents and take such other steps as are necessary in order to insure that the requirements and restrictions of the Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of the Regulatory Agreement in the real property records of the County;

(d) to include the requirements and restrictions contained in the Regulatory Agreement in any deed or other document transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee so to abide; and

(e) to provide to the Issuer notice of any action (other than actions in its ordinary course of business) which impacts the Issuer’s rights hereunder or under the Regulatory Agreement.

8.5 Representations of Borrower as Single Purpose Entity.

(a) Borrower covenants and agrees that it shall not:

(i) (1) except for the Subordinate Loans, incur, create or assume any indebtedness for borrowed money except indebtedness represented by an invoice, statement of account, check, work request, purchase order or other similar document representing expenses relating to activities of Borrower undertaken in accordance with its formation documents or (2) transfer or lease the Project or any interest therein, except as permitted under Section 6.8 hereof;

(ii) engage, directly or indirectly, in any business other than that arising out of or entering into this Agreement and the other Loan Documents to which Borrower is a party and the ownership, management, leasing, construction, development, operation and maintenance of the Project;

(iii) commingle its assets with the assets of any other entity;

(iv) partition the Property except as expressly permitted under the Deed of Trust; or

(v) voluntarily file or consent to the filing of a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceeding under any federal or state bankruptcy, insolvency, reorganization or other similar law, without the unanimous consent of its partners.

Borrower represents and warrants that as the date hereof it does not have any indebtedness or obligations which would cause it to be in violation of the foregoing covenants.

Further, Borrower covenants that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger or asset sale; will not modify its Partnership Documents without the prior written consent of Bondowner Representative except in accordance with Section 6.26 hereof (it being understood that Bondowner Representative's consent may be granted or withheld as to transfers of partnership interests in a manner consistent with Section 5.12 of the Deed of Trust and Sections 6.8 and 6.26 hereof, may be withheld as to any amendment which reduces the obligations of the partners to contribute funds to Borrower below amounts necessary to maintain the Financial Requirements Analysis "in balance", and shall not otherwise be unreasonably withheld); will pay all expenses of the Project from assets of Borrower; will maintain separate books and records and bank accounts; will at all times hold itself out to the public as a separate and distinct legal entity (including in its leasing activities, in entering into any contract and in preparing its financial statements); will file its own tax returns; and will cause its management to meet regularly to carry on its business.

(b) Borrower shall do all things necessary to preserve and keep in full force and effect its existence, rights and privileges under the laws of the State and its right to own property or transact business in the State. Borrower further represents and warrants that it is, and, so long as any portion of the Loan shall remain unpaid, shall do

all things necessary to continue to be, an entity which is formed or organized solely for the purpose of holding, directly, an ownership interest in the Project, does not engage in any business unrelated to such properties and the financing thereof, does not have any assets other than those related to its interest in the properties or the financing thereof or any indebtedness other than as permitted by the Deed of Trust or the other Loan Documents, has its own separate books and records and its own accounts, in each case which are separate and apart from the books and records and accounts of any other entity and will maintain the same as official records, holds itself out as being an entity, separate and apart from any other entity and will conduct its business in its own name.

(c) Borrower will not fail to correct any known misunderstanding regarding the separate identity of Borrower.

(d) Borrower will not assume or guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of any other entity; will allocate fairly and reasonably any overhead for shared office space; will not pledge its assets for the benefit of any other person or entity; will not make loans to any person or entity; will not enter into or be a party to any transaction with its partners or affiliates except (a) pursuant to its Partnership Documents as they exist as of the date of this Agreement or (b) in the ordinary course of business and on terms which are no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party.

Any firm, corporation or partnership which can make the representations and warranties and satisfy the covenants set forth in this Section 8.5 shall constitute a "Single Purpose Entity".

ARTICLE 9 HAZARDOUS MATERIALS

9.1 Special Representations and Warranties. Without in any way limiting the other representations and warranties set forth in this Agreement, and after reasonable investigation and inquiry, Borrower hereby specially represents and warrants to the best of Borrower's knowledge as of the date of this Agreement as follows:

(a) Hazardous Materials. Except as previously disclosed to Bondowner Representative in the Environmental Reports, the Property and Project are not and have not been a site for the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation or presence of any oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under the Hazardous Materials Laws, as described below, and/or other applicable environmental laws, ordinances and regulations (collectively, the "Hazardous Materials"). "Hazardous Materials" shall not include materials used in the ordinary course of construction and/or operation of the Property and Project which are used and stored in accordance with all applicable environmental laws, ordinances and regulations.

(b) Hazardous Materials Laws. The Property and Project are in compliance with all laws, ordinances and regulations relating to Hazardous Materials (“Hazardous Materials Laws”), including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, “CERCLA”), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations.

(c) Hazardous Materials Claims. There are no claims or actions (“Hazardous Materials Claims”) pending or threatened against Borrower, the Property or Project by any governmental entity or agency or by any other person or entity relating to Hazardous Materials or pursuant to the Hazardous Materials Laws.

9.2 Hazardous Materials Covenants. Borrower agrees as follows:

(a) No Hazardous Activities. Borrower shall not cause or permit the Project to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials.

(b) Compliance. Borrower shall comply and cause the Project to comply with all Hazardous Materials Laws.

(c) Notices. Borrower shall immediately notify Bondowner Representative in writing of: (i) the discovery of any Hazardous Materials on, under or about the Project; (ii) any knowledge by Borrower that the Project do not comply with any Hazardous Materials Laws; and (iii) any Hazardous Materials Claims.

(d) Remedial Action. In response to the presence of any Hazardous Materials on, under or about the Project, Borrower shall immediately take, at Borrower’s sole expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise in respect to any Hazardous Materials Claims.

9.3 Inspection By Bondowner Representative. Upon reasonable prior notice to Borrower, Bondowner Representative, its employees and agents, may from time to time (whether before or after the commencement of a nonjudicial or judicial foreclosure proceeding) enter and inspect the Project for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of an hazardous substance into, onto, beneath or from the Project.

9.4 HAZARDOUS MATERIALS INDEMNITY. BORROWER HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE, THEIR GOVERNING BODIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, ACTIONS, JUDGMENTS, COURT COSTS AND LEGAL OR OTHER EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES) WHICH ISSUER AND BONDOWNER REPRESENTATIVE MAY INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF THE USE, GENERATION, MANUFACTURE, STORAGE, DISPOSAL, THREATENED DISPOSAL, TRANSPORTATION OR PRESENCE OF HAZARDOUS MATERIALS IN, ON, UNDER OR ABOUT THE PROJECT. BORROWER SHALL IMMEDIATELY PAY TO ISSUER AND BONDOWNER REPRESENTATIVE UPON DEMAND ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. BORROWER'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE SHALL SURVIVE THE CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

9.5 Legal Effect of Section. Borrower and Bondowner Representative agree that: (a) this Article is intended as Bondowner Representative's written request for information (and Borrower's response) concerning the environmental condition of the real property security as required by California Code of Civil Procedure § 726.5; and (b) each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the real property security is intended by Bondowner Representative and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure § 736, and as such it is expressly understood that Borrower's duty to indemnify Bondowner Representative hereunder shall survive: (i) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof; (ii) the release and reconveyance or cancellation of the Deed of Trust; and (iii) the satisfaction of all of Borrower's obligations under the Loan Documents.

ARTICLE 10 SET ASIDE LETTERS

10.1 Set Aside Letters. Bondowner Representative shall have no obligation to issue any letter or letters ("Set Aside Letter") to any governmental agency or bonding company whereby Bondowner Representative agrees to allocate proceeds of the Bonds under the Loan Documents for the construction of off-site, common area, or other improvements required by any governmental agency or for which bonds may be required in connection with the development of the Property. If Bondowner Representative agrees, in its sole discretion, to issue a Set Aside Letter, Bondowner Representative may condition the issuance of such Set Aside Letter upon payment of such fee and delivery of such indemnification as Bondowner Representative shall require.

ARTICLE 11
REPORTING COVENANTS

11.1 Financial Information. Borrower shall deliver to Bondowner Representative, as soon as available, but in no event later than one hundred twenty (120) days after Borrower's fiscal year end, a current financial statement (including, without limitation, an audited income and expense statement and balance sheet) signed by authorized representative of Borrower together with any other financial information including, without limitation, annual financial statements, cash flow projections and operating statements requested by Bondowner Representative for the following persons and entities: Borrower, General Partner and Guarantor. Upon Bondowner Representative's request, Borrower shall also promptly deliver to Bondowner Representative such quarterly and other financial information regarding any persons or entities in any way obligated on the Loan as Bondowner Representative may specify. Except as otherwise agreed to by Bondowner Representative, all such financial information shall be prepared in accordance with generally accepted accounting principles consistently applied. After completion of construction of the Project, Borrower shall also deliver to Bondowner Representative a rent roll for the Project, in form and level of detail reasonably acceptable to Bondowner Representative.

11.2 Books and Records. Borrower shall maintain complete books of account and other records for the Project and for disbursement and use of the proceeds of the Bonds and Borrower's Funds, and the same shall be available for inspection and copying by Bondowner Representative upon reasonable prior notice.

11.3 Reports. Within of Bondowner Representative's request, Borrower shall deliver to Bondowner Representative monthly inventory reports, marketing and sales schedules and reports, marketing and sales information and/or leasing information, with respect to all real property projects of Borrower and all general partners, venturers and members of Borrower, all in form and substance acceptable to Bondowner Representative.

11.4 Leasing Reports. Borrower shall deliver to Bondowner Representative quarterly rent rolls, leasing schedules and reports, operating statements and/or such other leasing information as Bondowner Representative shall request with respect to the Property and Improvements, each in form and substance satisfactory to Bondowner Representative.

11.5 Operating Statements For Property and Project. After completion of construction of the Project and until the Construction Loan Maturity Date, Borrower shall deliver to Bondowner Representative on the twenty-fifth (25th) day of each month an "Operating Statement" which shows in detail the amounts and sources of Gross Operating Income received by or on behalf of Borrower and the amounts and purposes of Permitted Operating Expenses paid by or on behalf of Borrower with respect to the Property and Project for the previous month.

(a) "Gross Operating Income" for this purpose shall mean the sum of any and all amounts, payments, fees, rentals, additional rentals, expense reimbursements (including, without limitation, all reimbursements by tenants, lessees, licensees and other users of the Project) discounts or credits to Borrower, income, interest and other monies directly or indirectly received by or on behalf of or credited to Borrower from any person with respect to Borrower's ownership, use, development, operations, leasing,

franchising, marketing or licensing of the Project. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received in such month whether or not such amounts are attributable to a charge arising in such month.

(b) “Permitted Operating Expenses” shall mean the following expenses to the extent that such expenses are reasonable in amount and customary for properties of this type: (i) taxes and assessments imposed upon the Project to the extent that such taxes and assessments are required to be paid by Borrower and are actually paid or reserved for by Borrower; (ii) bond assessments; (iii) insurance premiums for casualty insurance (including, without limitation, earthquake, if applicable law requires the Project to be insured by earthquake insurance) and liability insurance carried in connection with the Project, provided, however, if any, insurance is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this subparagraph shall be the premium fairly allocable to the Project; (iv) operating expenses incurred by Borrower for the management, operation, cleaning, leasing, maintenance and repair of the Project; and (v) reserves for replacement, operations or other purposes required by any lender, investor, funder or regulator of the Project. Permitted Operating Expenses shall not include any interest or principal payments on the Loan or any allowance for depreciation.

ARTICLE 12 LEASES

12.1 Use of the Project; Leases.

(a) Borrower shall operate the Project in accordance with the requirements of the Regulatory Agreement and all other Restrictions recorded against the Property and consented to by Bondowner Representative in writing.

(b) Borrower shall lease units within the Project only pursuant to a form of lease which has been approved by Bondowner Representative.

ARTICLE 13 DAMAGE, DESTRUCTION AND CONDEMNATION

13.1 Damage and Destruction. If the Bonds are Outstanding when the Project is damaged or destroyed by fire or other casualty, Borrower shall restore the Project if the conditions contained in Section 5.6 of the Deed of Trust are satisfied; otherwise, Borrower shall use any proceeds received in respect of such casualty to prepay the Loan in whole or in part.

13.2 Condemnation. If the Bonds are outstanding when the Project or any part thereof is taken by condemnation or eminent domain or by grant of the Property in lieu thereof (“Condemnation”), Borrower shall restore the Project if the conditions contained in Section 5.6 of the Deed of Trust are satisfied; otherwise Borrower shall use any proceeds received in respect of such Condemnation to prepay the Loan in whole or in part or take such other action, as is required or permitted by the Deed of Trust and the other Loan Documents.

13.3 Parties To Give Notice. In the case of material damage to or destruction of all or any part of the Project, Borrower shall give prompt notice thereof to the Issuer and the Bondowner Representative in the manner prescribed by Section 16.4. In the case of a taking or proposed taking of all or any part of the Project by Condemnation, the party hereto upon which notice of such taking or proposed taking is served shall give prompt notice thereof to the Issuer and the Bondowner Representative in the manner prescribed by Section 16.4. Any such notice shall describe generally the nature and extent of such damage, destruction, taking or proposed taking.

13.4 Conditions to Disbursement of Proceeds. If all of the conditions contained in Section 5.6 of the Deed of Trust are satisfied, proceeds held by Bondowner Representative and funds in Borrower's Funds Account shall be disbursed, subject to the consent of Bondowner Representative, in the same manner and subject to the same conditions (subject to adjustment to reflect the different nature of construction) as applied with respect to the initial disbursement of the Loan.

ARTICLE 14 TERMINATION

14.1 Termination of Agreement; Required Prepayment.

(a) Except during the continuance of a Default, Borrower shall have the option of terminating this Agreement if (i) the Bonds have been paid in full or if provision is otherwise made for payment of the Bonds in such manner that the Indenture will be discharged under Article 10.5 thereof on or before the date of termination, (ii) such prepayment and termination is allowed by the Deed of Trust, (iii) Borrower provides the Bondowner Representative and the Issuer with an opinion of Bond Counsel to the effect that all such conditions have been satisfied; and provided that this Agreement may not be terminated unless and until (x) all of Borrower's obligations under the Loan Documents have been satisfied and (y) all of Borrower's obligations with respect to the Issuer's fees and any rebate obligation have been satisfied and Borrower has so certified to the Issuer and the Bondowner Representative. All obligations of Borrower under Sections 3.3(b), 3.4, 6.23, 6.30, 9.4, 15.5 and 16.30 shall survive termination of this Agreement.

(b) Notwithstanding the foregoing, Borrower may not terminate this Agreement unless and until the Bondowner Representative has on deposit an amount equal to the sum of the following:

(i) Funds on deposit in any fund established under the Indenture and available for that purpose which are sufficient to discharge the Indenture in accordance with Article X thereof; plus

(ii) to the extent not paid under subsection (a) above, an amount equal to the Bondowner Representative's and Issuer's fees and expenses under the Indenture and any other amounts due under Sections 6.23, 6.30, 9.4, 15.5 and 16.30 hereof, accrued and to accrue until the Bonds are fully paid and

redeemed and all other advances, fees, costs and expenses reasonably incurred and to be incurred on or before the termination date by the Bondowner Representative under the Indenture and by the Issuer and the Bondowner Representative under this Agreement and/or the other Loan Documents.

(c) On the termination date, a closing shall be held at any office mutually agreed upon among the Issuer, Borrower and the Bondowner Representative (which closing may be conducted by first-class mail or recognized overnight delivery service). At the closing the Issuer and the Bondowner Representative shall, upon acknowledgment of receipt of the sum set forth in subsection (2) above, execute and deliver to Borrower such release and other instruments as Borrower reasonably determines is necessary to terminate this Agreement. All further obligations of Borrower hereunder (except as specifically provided in Sections 3.3(b), 3.4, 6.23, 6.30, 9.4, 15.5 and 16.30) shall thereupon terminate, provided, however, that Borrower shall also remain obligated to pay or reimburse the Issuer and the Bondowner Representative for the payment of all other fees, costs and expenses unaccounted for in the sum paid in accordance with subsection (b)(ii) above and reasonably incurred before or subsequent to such closing in connection with the Bonds.

ARTICLE 15 DEFAULT AND REMEDIES

15.1 Default. The occurrence of any one or more of the following shall constitute an event of default (hereinafter, "Default") under this Agreement and the other Loan Documents:

(a) Monetary. Borrower's failure to pay when due any sums payable under the Note or any of the other Loan Documents or Borrower's failure to deposit any Borrower's Funds as and when required under this Agreement; or

(b) Performance of Obligations. Borrower's failure to perform, keep or observe any term, provisions, conditions, covenant or agreement contained in this Agreement, any other Loan Document, or any other present or future agreement between Borrower and Bondowner Representative and/or evidencing and/or securing the Loan after written notice to Borrower from Bondowner Representative requesting that Borrower cure such failure; provided, however, that if a cure period is provided for the remedy of such failure, Borrower's failure to perform will not constitute a Default until such date as the specified cure period expires; or

(c) Construction; Use. (i) There is any material deviation in the work of Construction from the Plans and Specifications or governmental requirements or the appearance or use of defective workmanship or materials in constructing the Project, and Borrower fails to remedy the same to Bondowner Representative's satisfaction within ten (10) days of Bondowner Representative's written demand to do so; or (ii) there is a cessation of construction of the Project prior to completion for a continuous period of more than fifteen (15) days (except as caused by an event of force majeure for which a longer delay may be permitted under Article V); or (iii) the

construction, sale or leasing of any of the Project in accordance with the Loan Documents is prohibited, enjoined or delayed for a continuous period of more than thirty (30) days; or (iv) utilities or other public services necessary for the full occupancy and utilization of the Project are curtailed for a continuous period of more than thirty (30) days (except as caused by an event of force majeure for which a longer delay may be permitted under Article V); or

(d) Liens, Attachment; Condemnation. (i) The recording of any claim of lien against the Property or Project or the service on Bondowner Representative of any bonded stop notice relating to the Loan and the continuance of such claim of lien or bonded stop notice for thirty (30) days without discharge, satisfaction or provision for payment being made by Borrower in a manner satisfactory to Bondowner Representative; or (ii) the condemnation, seizure or appropriation of, or occurrence of an uninsured casualty with respect to any material portion of the Property or the Project; or (iii) the sequestration or attachment of, or any levy or execution upon any portion of the Property or the Project, any other collateral provided by Borrower under any of the Loan Documents, any monies in Borrower's Funds Account, or any substantial portion of the other assets of Borrower, which sequestration, attachment, levy or execution is not released, expunged or dismissed prior to the earlier of thirty (30) days or the sale of the assets affected thereby; or

(e) Representations and Warranties. (i) The failure of any representation or warranty of Borrower, Guarantor, the General Partner, or any of its officers, employees or agents on behalf of Borrower, in any of the Loan Documents and the continuation of such failure for more than fifteen (15) days after written notice to Borrower from Bondowner Representative requesting that Borrower cure such failure; or (ii) any material adverse change in the financial condition of Borrower, Guarantor, General Partner or any other person or entity in any manner obligated to Bondowner Representative under the Loan Documents from the financial condition represented to Bondowner Representative as of the later of: (1) the Effective Date, or (2) the date upon which the financial condition of such party was first represented to Bondowner Representative; or

(f) Voluntary Bankruptcy; Insolvency; Dissolution. (i) The filing of a petition by Borrower for relief under the Bankruptcy Code, or under any other present or future state or federal law regarding bankruptcy, reorganization or other debtor relief law; (ii) the filing of any pleading or an answer by Borrower in any involuntary proceeding under the Bankruptcy Code or other debtor relief law which admits the jurisdiction of the court or the petition's material allegations regarding Borrower's insolvency; (iii) a general assignment by Borrower for the benefit of creditors; (iv) Borrower applying for, or the appointment of, a receiver, Bondowner Representative, custodian or liquidator of Borrower or any of its property; (v) if any insolvency proceeding is commenced by Borrower or any General Partner, or Borrower or any General Partner becomes insolvent or otherwise cannot pay its debts and obligations as such becomes due (or admits the same in writing); or (vi) the dissolution of Borrower, any Guarantor or any Indemnitor; or

(g) Involuntary Bankruptcy. The failure of Borrower to effect a full dismissal of any involuntary petition under the Bankruptcy Code or under any other debtor relief law that is filed against Borrower or in any way restrains or limits Borrower or Bondowner Representative regarding the Loan, the Property or the Project, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or sixty (60) days after the date of filing of such involuntary petition; or

(h) Partners: Guarantor. The occurrence of any of the events specified in Section 15.1(f) or 15.1(g) as to the General Partner or Guarantor (but with respect to Guarantor, only for so long as the applicable guaranty has not terminated by its own terms); or

(i) Change In Management or Control. Except as otherwise provided in Section 6.8, the occurrence of any material management or organizational change in Borrower or in the partners, venturers or members of Borrower, including, without limitation, any partnership, joint venture or member dispute which Bondowner Representative determines, in its sole and absolute discretion, shall have a material adverse effect on the Loan, on the Project, or on the ability of Borrower or its partners, venturers or members to perform their obligations under the Loan Documents; or

(j) Loss of Priority. With the exception of the Permitted Prior Encumbrances, the failure at any time of the Deed of Trust to be a valid first lien upon the Project or any portion thereof, other than as a result of any release or reconveyance of the Deed of Trust with respect to all or any portion of the Project pursuant to the terms and conditions of this Agreement; or

(k) Hazardous Materials. Except as previously disclosed to Bondowner Representative, the discovery of any significant Hazardous Materials in, on or about the Property or Project subsequent to the Effective Date which Borrower fails to remove or otherwise remediate to the satisfaction of Bondowner Representative by not more than thirty (30) days of such discovery. Any such Hazardous Materials shall be "significant" for this purpose if said Hazardous Materials, in Bondowner Representative's sole discretion, have a materially adverse impact on the value of the Property or the Project; or

(l) Tax Credit Investor Bankruptcy. Until Tax Credit Investor has made each and every Capital Contribution to Borrower contemplated under this Agreement and the Partnership Agreement subject to the terms thereof, the occurrence of any of the events specified in Sections 15.1(f) or 15.1(g) of this Agreement with respect to any Tax Credit Investor on whose financial resources Bondowner Representative has relied; or

(m) Other Bankruptcy. The occurrence of any of the events specified in Sections 15.1(f) or 15.1(g) of this Agreement with respect to Contractor (unless Contractor is replaced by a contractor satisfactory to Bondowner Representative within ninety (90) days of such occurrence, except that such period shall be limited to thirty

(30) days if such proceedings have a materially adverse impact upon the progress of construction of the Improvements or the availability of the Tax Credits); or

(n) Adverse Financial Condition – Other Than Borrower. Any material adverse change in the financial condition of any Guarantor(s) or Indemnitor(s) from the condition shown on the financial statements submitted to Bondowner Representative and relied upon by Bondowner Representative in making the Loan, the materiality and adverse effect of such change in financial condition to be reasonably determined by Bondowner Representative in accordance with its credit standards and underwriting practices in effect at the time of making such determination; or

(o) Partnership Documents. The failure to comply with Section 6.11 of this Agreement or the occurrence of a default under the Partnership Documents, or failure to satisfy any of the material terms, covenants or conditions of or under the Partnership Documents and the continuation of such failure for more than thirty (30) days from the occurrence thereof; or

(p) Unsecured Indemnity Agreement. The occurrence of a default (and the expiration of all applicable notice and cure periods) under that certain Hazardous Materials Indemnity Agreement (Unsecured) executed by Borrower and Guarantor, as Indemnitor, in favor of Bondowner Representative, and dated of even date herewith, including, without limitation, Indemnitor's failure to perform any covenant, condition or obligation thereunder; or

(q) Tax Credits. The loss of the Tax Credits for the Project or the failure to promptly reapply for the Tax Credits upon Bondowner Representative's request or expiration of the Tax Credits or failure to remain in compliance with TCAC requirements; or

(r) Subordinate Loan Documents. The expiration or termination or occurrence of a breach or default under the documents governing any of the Subordinate Loans or any documents in connection therewith, or failure to satisfy any of the terms or covenants or conditions of or under any of the Subordinate Loans or any documents in connection therewith, in either case following expiration of any applicable notice and cure periods provided therein; or

(s) Withdrawal of General Partner. Except as expressly permitted under the terms of this Agreement, the withdrawal of a General Partner as a general partner and Borrower's failure to provide a substitute or replacement acceptable to Bondowner Representative within thirty (30) days after the occurrence of any such withdrawal; or

(t) Transfer of Assets. The sale, assignment, pledge, hypothecation, mortgage or transfer of all or a substantial portion of assets of Borrower, any Guarantor or any Indemnitor (during the period in which any guaranty or indemnity, as applicable, remains in effect), other than in the ordinary course of business of said entity; or Borrower ceases its operations or sells or otherwise disposes of all or substantially all of the Property or a governmental authority condemns or expropriates, or an order is issued

by a governmental authority for the condemnation or expropriation of all or substantially all of the Property; or

(u) Default Under Swap Agreement. The occurrence of a default or "Event of Default" under any Swap Agreement (as defined therein) between Borrower and Bondowner Representative; or

(v) Default Under Guaranty. The occurrence of a default under any guaranty now or hereafter executed in connection with the Loan, including, without limitation, Guarantor's failure to perform any covenant, condition or obligation thereunder, subject to all applicable notice and cure periods; or

(w) Tax Certificate. Failure by Borrower to perform its obligations under the Tax Certificate, or failure of any of the representations or warranties contained in the Tax Certificate to be and remain true and correct at any time; or

(x) Attachment or Levy. All or any of Borrower's or General Partner's assets in excess of Fifty Thousand Dollars (\$50,000.00) in aggregate value are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any judicial officer or assignee for the benefit of creditors unless, with respect to any such assets, such attachment, seizure, writ, warrant or levy shall be dismissed, released or stayed within ten (10) days of issuance thereof; or

(y) Governmental Lien. A notice of lien, levy or assessment in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate, is filed of record with respect to any or all of Borrower's or General Partner's assets by the United States Government, or any department, agency or instrumentality thereof, or by any other public authority, or if any taxes or debts owing at any time hereafter to any one or more of such entities in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate, becomes a lien, whether choate, inchoate or otherwise, upon any or all of Borrower's or General Partner's assets, and the same is not paid or otherwise released within forty-five (45) days of the filing thereof; or

(z) Leases. Borrower is in material default under any lease of any part of the Property and such default is not cured within the time provided for in such lease; or

(aa) Criminal Proceedings. Any criminal proceedings against Borrower or General Partner shall have been instituted or Borrower or General Partner shall be indicted for any crime, in either case for which a forfeiture of a material amount of the Property or any of its other property or assets is a potential penalty and such proceedings or indictment is not dismissed within sixty (60) days; or

(bb) Restrictions. The occurrence of any default by Borrower under any Restrictions that remains uncured beyond any applicable notice and cure period provided for therein; or

(cc) Subsidy Contracts and Subsidy Payments. The occurrence of a default under any Subsidy Contract that is not cured within the cure period set forth in such document, or the amendment, reduction, modification, termination or cancellation of any Subsidy Contract or Subsidy Payments without the prior written consent of Bondowner Representative, or the failure of satisfaction of all conditions precedent to the availability of any Subsidy Payments for the Project as set forth in any Subsidy Contract, or the withdrawal of consent by the Authority or CalHFA, respectively, to the assignment of any Subsidy Contract or Subsidy Payments in favor of Bondowner Representative.

15.2 Remedies.

(a) Whenever any Default shall have occurred and be continuing, the Bondowner Representative, as assignee of the Issuer, may declare all the payments under the Loan payable for the remainder of its term (in an amount equal to that necessary to pay in full the Bonds and the interest thereon, assuming acceleration of the Bonds under the Indenture and to pay all other indebtedness due under this Agreement and the other Loan Documents) to be immediately due and payable, whereupon the same shall become immediately due and payable by Borrower.

(b) Whenever any Default shall have occurred and be continuing, any one or more of the following remedial steps may also be taken to the extent permitted by law:

(i) the Bondowner Representative, as assignee of the Issuer, shall take whatever action at law or in equity as it determines to be appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of Borrower, under this Agreement or any Other Related Document, or to foreclose on the Property and improvements and/or personal property security for such obligations, or to otherwise compensate the Issuer, the Bondowner Representative and the Bondholders for any damages on account of such Default; and

(ii) the Issuer (without the prior written consent of the Bondowner Representative if the Bondowner Representative is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer), may take whatever action at law or in equity may appear necessary or appropriate to enforce its rights to indemnification under Section 6.23, 6.30, 9.4, 15.5 and 16.30 and to collect all sums then due and thereafter to become due to the Issuer under Sections 3.3(b) and 3.4 of this Agreement; provided that the Issuer will not take any action which would prejudice the rights of the Bondowner Representative.

(c) All of Bondowner Representative's and Issuer's rights and remedies are cumulative. If any Default occurs, Issuer's obligation to lend and Bondowner Representative's obligation to consent to disbursements of proceeds of the

Bonds under the Loan Documents automatically terminate, and Bondowner Representative in its sole discretion may withhold any one or more disbursements. Bondowner Representative may also withhold any one or more disbursements after an event occurs that, with notice or the passage of time, could become a Default. No disbursement of proceeds of the Bonds by Bondowner Representative will cure any default of Borrower, unless Bondowner Representative agrees otherwise in writing in each instance.

(d) If Borrower becomes the subject of any Insolvency Proceeding, all of Borrower's obligations under the Loan Documents automatically become immediately due and payable upon the filing of the petition commencing such proceeding, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. Upon the occurrence of any other Default, all of Borrower's obligations under the Loan Documents may become due and payable immediately without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or other notices or demands of any kind or character, all at Bondowner Representative's option, exercisable in its sole discretion. If such acceleration occurs, Bondowner Representative may apply any undisbursed Loan funds to Borrower's obligations under the Loan Documents, in any order and proportions in Bondowner Representative's sole discretion.

(e) Also upon any Default that occurs during the course of construction of the Project, Bondowner Representative in its sole discretion may enter and take possession of the Project, whether in person, by agent or by court-appointed receiver, and take any and all actions that Bondowner Representative in its sole discretion may consider necessary to complete construction of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to Bondowner Representative's right at any time to discontinue any work without liability. By choosing to complete the construction of the Project, Bondowner Representative does not assume any liability to Borrower or any other person for completing them or for the manner or quality of their construction, and Borrower expressly waives any such liability. If Bondowner Representative exercises any of the rights or remedies provided in this clause (e), that exercise will not make Bondowner Representative, or cause Bondowner Representative to be deemed, a partner or joint venturer of Borrower. Bondowner Representative in its sole discretion may choose to complete construction in its own name. All sums expended by Bondowner Representative in completing construction will be considered to have been disbursed to Borrower and will be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan; any sums of principal will be considered to be an additional loan to Borrower bearing interest at the Default Rate, and be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan. For these purposes Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the cost breakdown.

15.3 Disposition of Funds. Any amounts collected pursuant to action taken under Section 15.2 (other than sums collected for the Issuer on account of its rights to indemnification and certain direct payments to be made under Sections 3.3(b), 3.4, 6.23, 6.30, 9.4, 15.5 and 16.30 which sums shall be paid directly to the Issuer) shall be applied in accordance with the provisions of the Indenture.

15.4 Nonexclusive Remedies. No remedy herein conferred upon or reserved to the Issuer or the Bondowner Representative is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bondowner Representative to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or as may be required by law.

15.5 Attorneys' Fees and Expenses. If a Default shall exist under this Agreement and the Issuer or the Bondowner Representative employ attorneys or incur other expenses for the collection of any amounts due hereunder, or for the enforcement of performance of any obligation or agreement on the part of Borrower, Borrower shall upon demand pay to the Issuer or the Bondowner Representative, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

15.6 Effect of Waiver. In the event any agreement contained in this Agreement is breached by either party and thereafter such breach is waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

15.7 Issuer and Bondowner Representative May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or the property of Borrower, the Bondowner Representative or the Issuer (with the prior consent of the Bondowner Representative), shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and the Bondowner Representative (including any claim for the reasonable compensation, expenses, disbursements and advances of the Issuer and Bondowner Representative, their agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same.

15.8 Restoration of Positions. If the Issuer or the Bondowner Representative has instituted any proceeding to enforce any right or remedy under this Agreement, and such

proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Issuer or the Bondowner Representative, then and in every such case Borrower, the Bondowner Representative and the Issuer shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the Issuer and the Bondowner Representative shall continue as though no such proceeding had been instituted.

15.9 Suits To Protect the Project. If Borrower shall fail to do so after thirty (30) days prior written notice from the Issuer or the Bondowner Representative, the Issuer or the Bondowner Representative shall have power to institute and to maintain such proceedings as either of them may deem expedient to prevent any impairment of the Project or any portion thereof, by any acts which may be unlawful or in violation of this Agreement, and such suits and proceedings as the Issuer or the Bondowner Representative may deem expedient to protect its interests in the Project or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair or adversely affect the Project or be prejudicial to the interests of the Bondowner Representative.

15.10 Performance by Third Parties. The Bondowner Representative or the Issuer, with the consent of the Bondowner Representative, may permit third parties to perform any and all acts or take such action as may be necessary for and on behalf of Borrower to cure any Default hereunder. The acceptance by the Issuer or the Bondowner Representative of any such performance by third parties shall not in any way diminish or absolve Borrower of primary liability hereunder.

15.11 Investor's Notice and Cure Rights. Notwithstanding anything to the contrary contained in the Loan Documents, Bondowner Representative hereby agrees that any cure of any default made or tendered by one or more of Borrower's limited partners within the time for cure required in the Loan Documents shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made by Borrower. Bondowner Representative shall deliver to Tax Credit Investor copies of all notices of default delivered by Bondowner Representative to Borrower under the Loan Documents.

15.12 Exercise of the Issuer's Remedies by Bondowner Representative. Whenever any Default shall have happened and be existing, the Bondowner Representative may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Article 15, with notice to the Issuer.

ARTICLE 16 MISCELLANEOUS PROVISIONS

16.1 Limited Obligation of the Issuer. The Issuer shall not be obligated to pay the principal of or interest on the Bonds, except from moneys and assets paid by the Borrower pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof, nor the faith and credit of the Issuer is pledged to the payment of the principal of or interest on the Bonds. The Issuer shall not be liable for any

costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Agreement. Any and all liability of the Issuer under the Bond Documents shall be further limited as provided in the Indenture.

16.2 Form of Documents. The form and substance of all documents, instruments, and forms of evidence to be delivered to Bondowner Representative under the terms of this Agreement and any of the Loan Documents shall be subject to Bondowner Representative's approval.

16.3 No Third Parties Benefited. No person other than the Issuer, the Bondowner Representative and Borrower and their permitted successors and assigns shall have any right of action under any of the Loan Documents.

16.4 Notices. All notices, demands, or other communications under this Agreement and the other Loan Documents shall be in writing and shall be delivered to the appropriate party at the address set forth in the Indenture (subject to change from time to time by written notice to all other parties to this Agreement). All communications shall be deemed served upon delivery of, or if mailed, upon the first to occur of receipt or the expiration of three (3) days after the deposit in the United States Postal Service mail, postage prepaid certified mail, return receipt requested and addressed to the address of Borrower or Bondowner Representative at the address specified below or the next Business Day if sent by a recognized overnight courier that provides written confirmation of delivery; provided, however, that non-receipt of any communication as the result of any change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication. Bondowner Representative shall deliver a copy of all notices sent to Borrower to Investor Limited Partner at the following address, provided that Bondowner Representative shall have no liability to Tax Credit Investor for failure to deliver and failure to deliver a copy to Investor Limited Partner shall not render any notice to Borrower invalid:

If to Borrower:

Tabora Gardens, L.P.
c/o Satellite Affordable Housing Associates
1835 Alcatraz Avenue
Berkeley, California 94703
Attention: Executive Director
Tel. No.: (510) 647-0700
Fax No.: (510) 647-0820

With a copy to:

[Raymond James Tax Credit Funds, Inc.]

Attention: _____
Tel. No.: (____) _____
Fax No.: (____) _____

If to Issuer:

County of Contra Costa
Department of Conservation and Development
30 Muir Road
Martinez, California 94533
Attention: Community Development Bond
Program Manager

If to Bondowner Representative:

Wells Fargo Bank, National Association
Community Lending and Investment
MAC #A0119-183
333 Market Street, 18th Floor
San Francisco, California 94105
Attention: Loan Administration Officer
Tel. No.: (415) 801-8526
Fax No.: (415) 371-6954

16.5 Attorney-in-Fact. Borrower hereby irrevocably appoints and authorizes Bondowner Representative, as Borrower's attorney-in-fact, which agency is coupled with an interest, to execute and/or record in Bondowner Representative's or Borrower's name any notices, instruments or documents that Bondowner Representative deems appropriate to protect Bondowner Representative's interest under any of the Loan Documents.

16.6 Actions. Borrower agrees that Bondowner Representative, in exercising the rights, duties or liabilities of Bondowner Representative or Borrower under the Loan Documents, may commence, appear in or defend any action or proceeding purporting to affect the Property, the Project, or the Loan Documents and Borrower shall immediately reimburse Bondowner Representative upon demand for all such expenses so incurred or paid by Bondowner Representative, including, without limitation, attorneys' fees and expenses and court costs.

16.7 Right of Contest. Borrower may contest in good faith any claim, demand, levy or assessment (other than liens and stop notices) by any person other than Bondowner Representative which would constitute a Default if: (a) Borrower pursues the contest diligently, in a manner which Bondowner Representative determines is not prejudicial to Bondowner Representative, and does not impair the rights of Bondowner Representative under any of the Loan Documents; and (b) Borrower deposits with Bondowner Representative any funds or other forms of assurance which Bondowner Representative in good faith determines from time to time appropriate to protect Bondowner Representative from the consequences of the contest being unsuccessful. Borrower's compliance with this Section shall operate to prevent such claim, demand, levy or assessment from becoming a Default.

16.8 Relationship of Parties. The relationship of Borrower and Bondowner Representative under the Loan Documents is, and shall at all times remain, solely that of Borrower and Bondowner Representative, and Bondowner Representative neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Property or Project, except as expressly provided in this Agreement and the other Loan Documents.

16.9 Delay Outside Bondowner Representative's Control. Bondowner Representative shall not be liable in any way to Borrower or any third party for Bondowner Representative's failure to perform or delay in performing under the Loan Documents (and Bondowner Representative may suspend or terminate all or any portion of Bondowner Representative's obligations under the Loan Documents) if such failure to perform or delay in performing results directly or indirectly from, or is based upon, the action, inaction, or purported action, of any governmental or local authority, or because of war, rebellion, insurrection, strike, lock-out, boycott or blockade (whether presently in effect, announced or in the sole judgment of Bondowner Representative deemed probable), or from any Act of God or other cause or event beyond Bondowner Representative's control.

16.10 Attorneys' Fees and Expenses; Enforcement. If any attorney is engaged by any party to this Agreement to enforce or defend any provision of this Agreement, any of the other Loan Documents or Other Related Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, Borrower shall immediately pay, upon demand, the amount of all attorneys' fees and expenses and all costs incurred by any party in connection therewith, together with interest thereon from the date of such demand until paid at the Default Rate.

16.11 Immediately Available Funds. Unless otherwise expressly provided for in this Agreement, all amounts payable by Borrower to Bondowner Representative shall be payable only in United States currency, immediately available funds.

16.12 Bondowner Representative's Consent. Wherever in this Agreement there is a requirement for Bondowner Representative's consent and/or a document to be provided or an action taken "to the satisfaction of Bondowner Representative", it is understood by such phrase that Bondowner Representative shall exercise its consent, right or judgment in a reasonable manner given the specific facts and circumstances applicable at the time.

16.13 Signs; Publicity. Bondowner Representative may place on the Property reasonable signs standard to construction loan transactions stating that construction financing is being provided by the Bonds which have been purchased by Holder. Borrower hereby agrees that Bondowner Representative, at its expense, may publicize the financing of the Property and, in connection therewith, may use the address, description and a photograph or other illustrative drawing of the Property.

16.14 Bondowner Representative's Agents. Bondowner Representative may designate an agent or independent contractor to exercise any of Bondowner Representative's rights under this Agreement and any of the other Loan Documents. Any reference to Bondowner Representative in any of the Loan Documents shall include Bondowner Representative's agents, employees or independent contractors. Borrower shall pay the costs of such agent or

independent contractor either directly to such person or to Bondowner Representative in reimbursement of such costs, as applicable.

16.15 Tax Service. Bondowner Representative is authorized to secure, at Borrower's expense, a tax service contract with a third party vendor which shall provide tax information on the Property and Project satisfactory to Bondowner Representative.

16.16 Severability. If any provision or obligation under this Agreement and the other Loan Documents shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that provision shall be deemed severed from the Loan Documents and the validity, legality and enforceability of the remaining provisions or obligations shall remain in full force as though the invalid, illegal, or unenforceable provision had never been a part of the Loan Documents, provided, however, that if the rate of interest or any other amount payable under the Note or this Agreement or any other Loan Document, or the right of collectibility therefor, are declared to be or become invalid, illegal or unenforceable, Bondowner Representative's obligations to make advances under the Loan Documents shall not be enforceable by Borrower.

16.17 Time. Time is of the essence of each and every term of this Agreement.

16.18 Headings. All Article, Section or other headings appearing in this Agreement and any of the other Loan Documents are for convenience of reference only and shall be disregarded in construing this Agreement and any of the other Loan Documents.

16.19 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California, except to the extent preempted by federal laws. Borrower and all persons and entities in any manner obligated to Bondowner Representative under the Loan Documents consent to the jurisdiction of any federal or State court within the State having proper venue and also consent to service of process by any means authorized by State or federal law.

16.20 Integration; Interpretation. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference in any of the Loan Documents to the Property or Project shall include all or any part of the Property or Project. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Bondowner Representative in writing.

16.21 Joint and Several Liability. The liability of all persons and entities obligated in any manner under this Agreement and any of the Loan Documents shall be joint and several.

16.22 Counterparts. This Agreement, any of the other Loan Documents (except for the Note), any Other Related Documents and any subsequent modifications, amendments, waivers, consents or supplements thereof, if any, may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all such counterparts together, shall constitute one and the same instrument.

16.23 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, Bondowner Representative and Borrower and their respective successors and assigns.

16.24 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or the Indenture, subsequent to the issuance of the Bonds, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the holders of a majority of the aggregate principal amount of the Bonds then outstanding.

16.25 Required Approvals. Consents and approvals required by this Agreement to be obtained from Borrower, the Issuer or the Bondowner Representative shall be in writing and shall not be unreasonably withheld or delayed.

16.26 Limitation on Liability. No member, officer, agent or employee of the Bondowner Representative or the Issuer or any limited partner, director, officer, agent or employee of Borrower shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement; but nothing herein contained shall relieve any such limited partner, member, director, officer, agent or employee from the performance of any official duty provided by law or by this Agreement. The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Agreement, together with investment income on certain funds and accounts held by the Bondowner Representative pursuant to this Agreement and the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of or interest on the Bonds as the same shall become due, whether by maturity, redemption, acceleration or otherwise, then upon notice from the Bondholder, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or interest, including, but not limited to any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bondholder, the Borrower, the Issuer or any third party, as the case may be.

16.27 No Waiver; Consents. No alleged waiver by Bondowner Representative or Issuer will be effective unless in writing, and no waiver will be construed as a continuing waiver. No waiver may be implied from any delay or failure by Bondowner Representative or Issuer to take action on account of any default of Borrower or to exercise any right or remedy against Borrower or any security. Consent by Bondowner Representative or Issuer to any act or omission by Borrower may not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for Bondowner Representative's or the Issuer's consent to be obtained in any future or other instance. All rights and remedies of Bondowner Representative and the Issuer, respectively, are cumulative.

16.28 Purpose and Effect of Bondowner Representative Approval. Bondowner Representative's approval of any matter in connection with the Loan is for the sole purpose of protecting the Issuer's security and rights of Bondowner Representative and the Bondholders. No such approval will result in a waiver of any default of Borrower. In no event may

Bondowner Representative's approval be a representation of any kind with regard to the matter being approved.

16.29 No Commitment to Increase Loan. From time to time, Bondowner Representative may approve changes to the Plans and Specifications at Borrower's request and also require Borrower to make corrections to the work of construction, all on and subject to the terms and conditions of this Agreement. Borrower acknowledges that no such action or other action by Bondowner Representative will in any manner commit or obligate the Issuer or Bondowner Representative to increase the amount of the Loan.

16.30 INDEMNITY REGARDING CONSTRUCTION AND OTHER RISKS. BORROWER INDEMNIFIES, DEFENDS AND HOLDS THE INDEMNIFIED PARTIES HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING OUT OF OR RESULTING FROM CONSTRUCTION OF ANY PROJECT ON THE PROPERTY, INCLUDING ANY DEFECTIVE WORKMANSHIP OR MATERIALS; OR ANY FAILURE TO SATISFY ANY REQUIREMENTS OF ANY LAWS, REGULATIONS, ORDINANCES, GOVERNMENTAL POLICIES OR STANDARDS, REPORTS, SUBDIVISION MAPS OR DEVELOPMENT AGREEMENTS THAT APPLY OR PERTAIN TO THE PROPERTY; OR BREACH OF ANY REPRESENTATION OR WARRANTY MADE OR GIVEN BY BORROWER TO ANY OF THE INDEMNIFIED PARTIES OR TO ANY PROSPECTIVE OR ACTUAL BUYER OF ALL OR ANY PORTION OF THE PROPERTY; OR ANY CLAIM OR CAUSE OF ACTION OF ANY KIND BY ANY PARTY THAT ANY INDEMNIFIED PARTY IS LIABLE FOR ANY ACT OR OMISSION OF BORROWER OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE OWNERSHIP, SALE, OPERATION OR DEVELOPMENT OF THE PROPERTY; PROVIDED, HOWEVER, THAT BORROWER SHALL HAVE NO OBLIGATION TO INDEMNIFY, DEFEND OR HOLD HARMLESS (i) BONDOWNER REPRESENTATIVE TO THE EXTENT THAT ANY OF THE FOREGOING LIABILITIES ARISE OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF BONDOWNER REPRESENTATIVE, OR (ii) ISSUER TO THE EXTENT THAT ANY OF THE FOREGOING LIABILITIES ARISE OUT OF THE WILLFUL MISCONDUCT OF ISSUER. THE PROVISIONS OF THIS SECTION 16.30 SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

16.31 Relationships With Other Bondowner Representative Customers. From time to time, Bondowner Representative may have business relationships with Borrower's customers, suppliers, contractors, tenants, partners, shareholders, officers or directors, or with businesses offering products or services similar to those of Borrower, or with persons seeking to invest in, borrow from or lend to Borrower. Borrower agrees that Bondowner Representative may extend credit to such parties and take any action it deems necessary to collect the credit, regardless of the effect that such extension or collection of credit may have on Borrower's financial condition or operations. Borrower further agrees that in no event will Bondowner Representative be obligated to disclose to Borrower any information concerning any other Bondowner Representative customer.

16.32 Disclosure to Title Company. Without notice to or the consent of Borrower, Bondowner Representative may disclose to any title insurance company insuring any

interest of Bondowner Representative under the Deed of Trust (whether as primary insurer, coinsurer or reinsurer) any information, data or material in Bondowner Representative's possession relating to Borrower, the Loan, the Project or the Property.

16.33 Restriction on Personal Property. Except for the replacement of personal property made in the ordinary course of Borrower's business with items of equal or greater value, Borrower may not sell, convey or otherwise transfer or dispose of its interest in any personal property in which Bondowner Representative has a security interest or contract to do any of the foregoing, without the prior written consent of Bondowner Representative in each instance.

16.34 Interpretation. The language of this Agreement must be construed as a whole according to its fair meaning, and not strictly for or against any party. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Agreement are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to." No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Agreement.

16.35 Loan Commission. Bondowner Representative is not obligated to pay any brokerage commission or fee in connection with or arising out of the Loan. Borrower must pay any and all brokerage commissions or fees arising out of or in connection with the Loan.

16.36 Compliance with Usury Laws. Notwithstanding any other provision of this Agreement, it is agreed and understood that in no event shall this Agreement, with respect to the Note or other instrument of indebtedness, be construed as requiring Borrower or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law. In the event of any acceleration of the payment of the principal amount of the Note or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Agreement or related documents shall be canceled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount. The provisions of this Section 16.36 prevail over any other provision of this Agreement.

16.37 USA Patriot Act Notice Compliance. The USA Patriot Act of 2001 (Public Law 107.56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Bondowner Representative may from time to time request, and Borrower shall provide to Bondowner Representative, Borrower's name, address, tax identification number and/or such other identification information as shall be necessary for Bondowner Representative to comply with federal law. An "account" for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit and/or other financial services product.

16.38 Loan Sales and Participations; Disclosure of Information. Borrower acknowledges the intention of the parties to facilitate the marketability of the Loan to purchasers in the secondary market and agrees that Bondowner Representative may elect, at any time, to sell, assign or grant participations in all or any portion of its rights and obligations under the Loan Documents, and that any such sale, assignment or participation may be to one or more financial institutions, private investors, and/or other entities, at Bondowner Representative's sole discretion ("Participant"). Borrower further agrees that Bondowner Representative may disseminate to any such actual or potential purchaser(s), assignee(s) or participant(s) all documents and information (including, without limitation, all financial information) which has been or is hereafter provided to or known to Bondowner Representative with respect to: (a) the Property and Improvements and its operation; (b) any party connected with the Loan (including, without limitation, the Borrower, any partner of Borrower, any constituent partner or member of Borrower, any Guarantor); and/or (c) any lending relationship other than the Loan which Bondowner Representative may have with any party connected with the Loan. In the event of any such sale, assignment or participation, Bondowner Representative and the parties to such transaction shall share in the rights and obligations of Bondowner Representative as set forth in the Loan Documents only as and to the extent they agree among themselves. In connection with any such sale, assignment or participation, Borrower further agrees that the Loan Documents shall be sufficient evidence of the obligations of Borrower to each purchaser, assignee, or participant, and upon written request by Bondowner Representative, Borrower shall enter into such amendments or modifications to the Loan Documents as may be reasonably required in order to evidence any such sale, assignment or participation. The indemnity obligations of Borrower under the Loan Documents shall also apply with respect to any purchaser, assignee or participant. Notwithstanding the foregoing, nothing herein shall be construed to limit the restrictions on transfer of the Bonds set forth in the Indenture.

16.39 Radon Testing. Borrower shall cause its environmental consultant to test not less than ten percent (10%) of the lowest level residential units at the Project for radon gas, with not less than one such test completed for each building on the Property. Such tests shall be conducted in residential unit living rooms, dens or bedrooms and shall not be conducted in bathrooms, kitchens, hallways or closets. The results of such tests shall be acceptable to Bondowner Representative and satisfy the requirements of Investor Limited Partner under the Partnership Documents and HCD in connection with its commitments to fund the HCD MHP Loan and HCD VHHP Loan; provided, however, that if required by Bondowner Representative, Investor Limited Partner or HCD, Borrower shall take appropriate mitigation actions regarding such radon gas as may be required by Bondowner Representative, Investor Limited Partner or HCD, as applicable. Borrower shall provide to Bondowner Representative evidence of the testing for radon gas in accordance with the terms of this Section, together with final test results satisfying the requirements hereof.

[Remainder of Page Left Intentionally Blank.]

IN WITNESS WHEREOF, the Issuer, the Bondowner Representative and Borrower have caused this Agreement to be executed by their duly authorized officers, all as of the date first above written.

“Issuer”

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____
John Kopchik
Director, Department of Conservation
and Development

“Bondowner Representative”

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: _____
John S. Kauh
Senior Vice President

“Borrower”

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit corporation,
its manager

By: _____
Susan Friedland
Executive Director

EXHIBIT A

PROPERTY DESCRIPTION

Exhibit A to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

EXHIBIT B
DOCUMENTS

Exhibit B to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

(a) Loan Documents. The documents listed below, numbered (i) through (xxii), inclusive, and amendments, modifications and supplements thereto which have received the prior written consent of Bondowner Representative, together with any documents executed in the future that are approved by Bondowner Representative and that recite that they are “Loan Documents” for purposes of this Agreement are collectively referred to herein as the Loan Documents.

(i) This Agreement.

(ii) The Promissory Note Secured by Deed of Trust of even date herewith in the original principal amount of \$_____.00 made by Borrower payable to the order of Issuer and endorsed over to Bondowner Representative.

(iii) The Construction Deed of Trust with Absolute Assignment of Leases and Payments, Security Agreement and Fixture Filing of even date herewith executed by Borrower, as trustor, to American Securities Company, a corporation, as trustee, for the benefit of Issuer, as beneficiary, relating to the Property.

(iv) The Assignment of Deed of Trust and Loan Documents, dated as of even date herewith, made by Issuer for the benefit of Bondowner Representative, as beneficiary.

(v) Pledge and Security Agreement of even date herewith executed by Borrower, General Partner and Bondowner Representative.

(vi) Uniform Commercial Code - National Financing Statement - Form UCC 1, dated even date herewith, naming Borrower as Debtor, in favor of Bondowner Representative as Secured Party, perfecting security interests granted in the Deed of Trust.

(vii) Uniform Commercial Code - National Financing Statement - Form UCC 1, dated as of even date herewith, naming Borrower and General Partner as Debtors, in favor of Bondowner Representative as Secured Party, perfecting security interests granted in the Pledge and Security Agreement.

(viii) Agreement Regarding Disbursement Prior to Recording and Amendment to Note dated as of even date herewith executed by and between Borrower and Bondowner Representative.

Exhibit B to Loan Agreement

(ix) Assignment of Architectural Agreements and Plans and Specifications of even date herewith executed by Borrower, together with the Consent thereto executed by Architect, in favor of Bondowner Representative.

(x) Assignment of Construction Contracts of even date herewith executed by Borrower, together with the Consent thereto executed by Contractor, in favor of Bondowner Representative.

(xi) Assignment of Property Management Agreement executed by Borrower, together with the Consent thereto executed by Property Manager, in favor of Bondowner Representative.

(xii) Assignment of Section 8 Housing Assistance Payments Contract, Agreement to Enter Into Housing Assistance Payments Contract and Housing Assistance Payments executed by Borrower, together with the Consent thereto executed by the Authority.

(xiii) Assignment of RAD Housing Assistance Payments Contract and Housing Assistance Payments executed by Borrower, together with the Consent thereto executed by the Authority.

(xiv) Assignment of Section 811 Rental Assistance Contract, Agreement to Enter Into Rental Assistance Contract and Rental Assistance Contract Payments executed by Borrower, together with the Consent thereto executed by CalHFA.

(xv) Disbursement Instruction Agreement executed by Borrower in favor of Bondowner Representative.

(xvi) Subordination Agreement (City Loans) executed by the City and Borrower in favor of Bondowner Representative, relating to the subordination of the documents relating to the City RDA Loan and City NSP/CDBG Loan, including, without limitation, the City RDA Regulatory Agreement and City NSP/CDBG Regulatory Agreement.

(xvii) Subordination Agreement (County Loan) executed by the County and Borrower in favor of Bondowner Representative, relating to the subordination of the documents relating to the County Loan, including, without limitation, the County Regulatory Agreement and the County HOME/HOPWA Regulatory Agreement.

(xviii) Copartnership, Joint Venture or Association Borrowing Certificate executed by General Partner.

(xix) Limited Liability Company Certificate Authorizing Partnership Activity executed by the manager of General Partner.

(xx) Corporate Resolution Authorizing Limited Liability Company Activity executed by the Secretary of the manager of General Partner.

(xxi) Estoppel Letter executed by HCD regarding the HCD MHP Loan.

(xxii) Estoppel Letter executed by HCD regarding the HCD VHHP Loan.

(b) Other Related Documents (Which Are Not Loan Documents):

(i) Completion Guaranty dated as of even date herewith, executed by Guarantor in favor of Bondowner Representative.

(ii) Repayment Guaranty dated as of even date herewith, executed by Guarantor in favor of Bondowner Representative.

(iii) Hazardous Materials Indemnity Agreement (Unsecured) dated as of even date herewith, executed by Borrower and Guarantor as Indemnitor in favor of Bondowner Representative.

(iv) Corporate Resolution Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property executed by the Secretary of Guarantor (Satellite Affordable Housing Associates).

(v) Corporate Resolution Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property executed by the Secretary of Guarantor (Satellite Affordable Housing Associates Property Manager).

(vi) Opinion of Bond Counsel.

(vii) Opinion of Borrower's counsel.

(viii) Payment and Performance Bond.

(ix) Any Swap Agreement between Borrower and Bondowner Representative.

EXHIBIT C

FINANCIAL REQUIREMENT ANALYSIS

Exhibit C to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

The Financial Requirement Analysis set forth herein represents an analysis of the total costs necessary in Borrower’s estimation to perform Borrower’s obligations under the Loan Documents. Column A, “Total Costs”, sets forth Borrower’s representation of the maximum costs for each Item specified in Column A. Column B, “Deferred Costs”, sets forth Borrower’s representation of costs that Borrower has paid or has caused to be paid from other sources of funds for each Item specified in Column B. Column C, “Disbursement Budget”, sets forth the portion of the Loan which has been allocated for each Item specified in Column C and will be disbursed pursuant to the terms, covenants, conditions and provisions of Exhibit D of this Agreement and the Loan Documents. Unless specified otherwise, all reference to Columns or Items in this Agreement refer to Columns or Items in this Exhibit C.

[*See Attached.*]

[TO BE INSERTED]

EXHIBIT D

DISBURSEMENT PLAN

Exhibit D to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

1. Timing of Disbursement. Unless another provision of this Agreement specifies otherwise, on or about the last day of each month, or at such other times as Bondowner Representative may approve or determine more appropriate, Borrower shall submit to:

Wells Fargo Bank, National Association
Minneapolis Loan Center
MAC #N9300-091
600 South 4th Street, 9th Floor
Minneapolis, MN 55415
Attention: Disbursement Administrator

a written itemized statement, signed by Borrower (“Application for Payment”) setting forth:

- 1.1 a description of the work performed, material supplied and/or costs incurred or due for which disbursement is requested with respect to any line item (“Item”) shown in Column D (“Disbursement Budget”) of the Financial Requirement Analysis attached as Exhibit C to this Agreement; and
- 1.2 the total amount incurred, expended and/or due for each requested Item less prior disbursements.
- 1.3 Each Application for Payment by Borrower shall constitute a representation and warranty by Borrower that Borrower is in compliance with all the conditions precedent to a disbursement specified in this Agreement.
- 1.4 Bondowner Representative shall have the right to require that Disbursements shall be made, after satisfaction of the conditions contained in this Exhibit D and the Disbursement Plan. Disbursements shall be made into Borrower’s demand deposit account at Wells Fargo Bank, National Association, account number _____.
- 1.5 Each Application for Payment by Borrower shall constitute a representation and warranty by Borrower that Borrower is in compliance with the Issuer’s prevailing wage requirements as set forth in the Regulatory Agreement.

2. Bondowner Representative's Right to Condition Disbursements. Bondowner Representative shall have the right to condition any disbursement upon Bondowner Representative's receipt and approval of the following:
- 2.1 the Application for Payment and an itemized requisition for payment of line items shown in the Disbursement Budget as hard costs ("Hard Costs");
 - 2.2 bills, invoices, documents of title, vouchers, statements, payroll records, receipts and any other documents evidencing the total amount expended, incurred or due for any requested Items;
 - 2.3 evidence of Borrower's use of a lien release, joint check and voucher system acceptable to Bondowner Representative for payments or disbursements to any contractor, subcontractor, materialman, supplier or lien claimant;
 - 2.4 architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of construction that has been completed and its conformance to the Plans and Specifications and governmental requirements based upon any such architect's, inspector's and/or engineer's periodic physical inspections of the Property and Improvements;
 - 2.5 waivers and releases of any mechanics' lien, stop notice claim, equitable lien claim or other lien claim rights;
 - 2.6 evidence of Borrower's compliance with the provisions of the Articles and Sections of this Agreement entitled Construction and Authority/Enforceability;
 - 2.7 a written release executed by any surety to whom Bondowner Representative has issued or will issue a set-aside letter and/or any public entity or agency which is a beneficiary under any instrument of credit or standby letter of credit which Bondowner Representative has issued or will issue with respect to the Loan;
 - 2.8 valid, recorded Notice(s) of Completion for the Improvements or any portions of the Improvements for which Notice(s) of Completion may be recorded under applicable law;
 - 2.9 Certificate of Substantial Completion from the Architect and Engineer, if any, prior to the final retention disbursement or the final stage disbursement of Hard Costs, as applicable;
 - 2.10 any other document, requirement, evidence or information that Bondowner Representative may request under any provision of the Loan Documents;
 - 2.11 evidence that any goods, materials, supplies, fixtures or other work in process for which disbursement is requested have been incorporated into the Improvements;
 - 2.12 in the event that any Application for Payment includes the cost of materials stored on the Property ("Onsite Materials"), such Application for Payment shall include

each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Property for which adequate security is provided against theft and vandalism; and

- 2.13 in the event any Application for Payment includes the cost of materials stored at a location other than the Property ("Offsite Materials"), such Application for Payment shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility and have been appropriately marked to indicate Borrower's ownership thereof and Bondowner Representative's security interest therein; and (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Bondowner Representative's request, a security agreement, financing statement and/or subordination agreement in form and substance satisfactory to Bondowner Representative executed by the supplier of the Offsite Materials, and/or such other persons as Bondowner Representative determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bondowner Representative may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

Borrower acknowledges that this approval process may result in disbursement delays and Borrower hereby consents to all such delays.

[THE FOLLOWING TO BE CONFORMED TO THE LINE ITEMS ON THE FINAL FINANCIAL REQUIREMENTS ANALYSIS ATTACHED AS EXHIBIT C]:

3. Periodic Disbursement of Land Costs. The portion of the Disbursement Budget totaling \$____.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Land Costs.
4. Periodic Disbursement of Construction Fees and Costs. The portion of the Disbursement Budget totaling \$____.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Construction Fees and Costs items up to ninety percent (90%) of the maximum amount allocated for such item less prior disbursements. The remaining ten percent (10%) shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the Improvements in accordance with the Plans and Specifications and governmental requirements, the expiration of the statutory lien period and Bondowner Representative's receipt of an LP-10 Re-Write of the Title Policy.
5. Hard Costs Contingency Reserve. The portion of the Disbursement Budget initially totaling \$____.00, allocated for the payment of Hard Costs Contingencies, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of Borrower for cost overruns that have been approved by Bondowner Representative for Hard Cost Items and disbursed in accordance with paragraph 4 hereof depending upon the intended use of any such funds.

6. Periodic Disbursement of Furnishings Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Furnishings Fees and Costs.
7. Periodic Disbursement of Architect & Engineering Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Architect & Engineering Fees and Costs.
8. Periodic Disbursement of Building Permits and Fees. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Architect & Engineering Fees and Costs.
9. Periodic Disbursement of Appraisal Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Appraisal Fees and Costs.
10. Periodic Disbursement of Construction Interest Reserve Funds. The portion of the Disbursement Budget initially totaling \$____.00, allocated as a Construction Interest Reserve, shall be periodically disbursed directly to Bondowner Representative for the payment of interest which accrues and becomes due under the Note. Bondowner Representative is hereby authorized to charge the Loan directly for such interest payments when due. Bondowner Representative shall provide Borrower with a monthly interest statement. Depletion of the Interest Reserve shall not release Borrower from any of Borrower's obligations under the Loan Documents, including, without limitation, payment of all accrued and due interest and the deposit of Borrower's Funds with Bondowner Representative pursuant to the terms and provisions of the Loan Agreement.
11. Periodic Disbursement of Costs of Issuance. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Costs of Issuance.
12. Periodic Disbursement of Taxes & Insurance Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Taxes & Insurance Fees and Costs.
13. Periodic Disbursement of Title & Escrow Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Title & Escrow Fees and Costs.

14. Periodic Disbursement of Legal Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Legal Fees and Costs.
15. Soft Costs Contingency Reserve. The portion of the Disbursement Budget allocated for the payment of Soft Cost Contingencies initially totaling \$____.00, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of the Borrower for cost overruns that have been approved by Bondowner Representative for Soft Costs Items and disbursed in accordance with Exhibit D hereof, depending upon the intended use of any such funds.
16. Periodic Disbursement of TCAC Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's TCAC Fees and Costs.
17. Periodic Disbursement of Syndication Consultant Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Syndication Consultant Fees and Costs.
18. Periodic Disbursement of Marketing Expenses and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Marketing Expenses and Costs.
19. Periodic Disbursement of Market Study Fees and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Market Study Fees and Costs.
20. Periodic Disbursement of Construction Loan Fees. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Construction Loan Fees.
21. Periodic Disbursement of Lender Expenses and Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Lender Expenses and Costs.
22. Periodic Disbursement of Issuer Monitoring Fee Reserve Costs. The portion of the Disbursement Budget initially totaling \$____.00 shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Issuer Monitoring Fee Reserve Costs.

EXHIBIT E

FORM OF DISBURSEMENT INSTRUCTION AGREEMENT

Exhibit E to LOAN AGREEMENT among TABORA GARDENS, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as “Issuer”, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as “Bondowner Representative”, dated as of _____, 2016.

DISBURSEMENT INSTRUCTION AGREEMENT

<p>Borrower: TABORA GARDENS, L.P., a California limited partnership</p>
<p>Bondowner Representative: WELLS FARGO BANK, NATIONAL ASSOCIATION</p>
<p>Loan: Loan number 1016078 made pursuant to that certain Loan Agreement dated as of _____, 2016, among Borrower, Bondowner Representative and the County of Contra Costa, California, a political subdivision and body corporate and politic, duly organized and existing under the laws of the State of California, as amended from time to time</p>
<p>Effective Date: as of _____, 2016</p>
<p>Check applicable box:</p> <ul style="list-style-type: none"> <input type="checkbox"/> New – This is the first Disbursement Instruction Agreement submitted in connection with the Loan. <input type="checkbox"/> Replace Previous Agreement – This is a replacement Disbursement Instruction Agreement. All prior instructions submitted in connection with this Loan are cancelled as of the Effective Date set forth above.

This Agreement must be signed by the Borrower and is used for the following purposes:

- (1) to designate an individual or individuals with authority to request disbursements of Loan proceeds, whether at the time of Loan closing/origination or thereafter;
- (2) to designate an individual or individuals with authority to request disbursements of funds from Restricted Accounts (as defined in the Terms and Conditions attached to this Agreement), if applicable; and
- (3) to provide Bondowner Representative with specific instructions for wiring or transferring funds on Borrower’s behalf.

Any of the disbursements, wires or transfers described above is referred to herein as a “**Disbursement.**”

Specific dollar amounts for Disbursements must be provided to Bondowner Representative at the time of the applicable Disbursement in the form of a signed closing statement, an email instruction or other written communication (each, a “**Disbursement Request**”) from an applicable Authorized Representative (as defined in the Terms and Conditions attached to this Agreement).

Exhibit E to Loan Agreement

A new Disbursement Instruction Agreement must be completed and signed by the Borrower if (i) all or any portion of a Disbursement is to be transferred to an account or an entity not described in this Agreement or (ii) Borrower wishes to add or remove any Authorized Representatives.

See the Additional Terms and Conditions attached hereto for additional information and for definitions of certain capitalized terms used in this Agreement.

Disbursement of Loan Proceeds at Origination/Closing		
<p><u>Closing Disbursement Authorizers:</u> Bondowner Representative is authorized to accept one or more Disbursement Requests from any of the individuals named below (each, a “Closing Disbursement Authorizer”) to disburse Loan proceeds on or about the date of the Loan origination/closing and to initiate Disbursements in connection therewith (each, a “Closing Disbursement”):</p>		
	Individual’s Name	Title
1.	Susan Friedland	Executive Director
2.	Eve Stewart	Director of Housing Development
3.	Jonathan Astmann	Project Manager
4.	Tom Earley	Chief Operating Officer
<p>Describe Restrictions, if any, on the authority of the Closing Disbursement Authorizers (dollar amount limits, wire/deposit destinations, etc.): Closing Disbursement not to exceed \$_____ .00</p> <p>If there are no restrictions described here, any Closing Disbursement Authorizer may submit a Disbursement Request for all available Loan proceeds.</p>		

<p><u>Permitted Wire Transfers:</u> Disbursement Requests for the Closing Disbursement(s) to be made by wire transfer must specify the amount and applicable Receiving Party. Each Receiving Party included in any such Disbursement Request must be listed below. Bondowner Representative is authorized to use the wire instructions that have been provided directly to Bondowner Representative by the Receiving Party or Borrower and attached as the Closing Exhibit. All wire instructions must contain the information specified on the Closing Exhibit.</p>	
	Names of Receiving Parties for the Closing Disbursement(s) (may include as many parties as needed; wire instructions for each Receiving Party must be attached as the Closing Exhibit)
1.	Old Republic Title Company
2.	
3.	

<p><u>Direct Deposit:</u> Disbursement Requests for the Closing Disbursement(s) to be deposited into an account at Wells Fargo Bank, N.A. must specify the amount and applicable account. Each account included in any such Disbursement Request must be listed below.</p>	
Name on Deposit Account: Tabora Gardens, L.P.	
Wells Fargo Bank, N.A. Deposit Account Number: _____	
Further Credit Information/Instructions: N/A	

Disbursements of Loan Proceeds Subsequent to Loan Closing/Origination		
<p><u>Subsequent Disbursement Authorizers:</u> Bondowner Representative is authorized to accept one or more Disbursement Requests from any of the individuals named below (each, a “Subsequent Disbursement Authorizer”) to disburse Loan proceeds after the date of the Loan origination/closing and to initiate Disbursements in connection therewith (each, a “Subsequent Disbursement”):</p>		
	Individual’s Name	Title
1.	Susan Friedland	Executive Director
2.	Eve Stewart	Director of Housing Development
3.	Jonathan Astmann	Project Manager
4.	Tom Earley	Chief Operating Officer
<p>Describe Restrictions, if any, on the authority of the Subsequent Disbursement Authorizers (dollar amount limits, wire/deposit destinations, etc.): Subsequent Disbursements not to exceed \$ _____ in the aggregate</p> <p>If there are no restrictions described here, any Subsequent Disbursement Authorizer may submit a Disbursement Request for all available Loan proceeds.</p>		

<p><u>Direct Deposit:</u> Disbursement Requests for Subsequent Disbursements to be deposited into an account at Wells Fargo Bank, N.A. must specify the amount and applicable account. Each account included in any such Disbursement Request must be listed below.</p>
<p>Name on Deposit Account: Tabora Gardens, L.P.</p>
<p>Wells Fargo Bank, N.A. Deposit Account Number: _____</p>
<p>Further Credit Information/Instructions: N/A</p>

Borrower acknowledges that all of the information in this Agreement is correct and agrees to the terms and conditions set forth herein and in the Additional Terms and Conditions on the following page.

TABORA GARDENS, L.P.,
a California limited partnership

By: Tabora Gardens LLC,
a California limited liability company,
its general partner

By: Satellite Affordable Housing Associates,
a California nonprofit public benefit corporation,
its manager

By: _____
Susan Friedland
Executive Director

Additional Terms and Conditions to the Disbursement Instruction Agreement

Definitions. The following capitalized terms shall have the meanings set forth below:

“Authorized Representative” means any or all of the Closing Disbursement Authorizers, Subsequent Disbursement Authorizers and Restricted Account Disbursement Authorizers, as applicable.

“Receiving Bank” means the financial institution where a Receiving Party maintains its account.

“Receiving Party” means the ultimate recipient of funds pursuant to a Disbursement Request.

“Restricted Account” means an account at Wells Fargo Bank, N.A. associated with the Loan to which Borrower’s access is restricted.

Capitalized terms used in these Additional Terms and Conditions to Disbursement Instruction Agreement and not otherwise defined herein shall have the meanings given to such terms in the body of the Agreement.

Disbursement Requests. Bondowner Representative must receive Disbursement Requests in writing. Verbal requests are not accepted. Disbursement Requests will only be accepted from the applicable Authorized Representatives designated in the Disbursement Instruction Agreement. Disbursement Requests will be processed subject to satisfactory completion of Bondowner Representative’s customer verification procedures. Bondowner Representative is only responsible for making a good faith effort to execute each Disbursement Request and may use agents of its choice to execute Disbursement Requests. Funds disbursed pursuant to a Disbursement Request may be transmitted directly to the Receiving Bank, or indirectly to the Receiving Bank through another bank, government agency, or other third party that Bondowner Representative considers to be reasonable. Bondowner Representative will, in its sole discretion, determine the funds transfer system and the means by which each Disbursement will be made. Bondowner Representative may delay or refuse to accept a Disbursement Request if the Disbursement would: (i) violate the terms of this Agreement; (ii) require use of a bank unacceptable to Bondowner Representative or prohibited by government authority; (iii) cause Bondowner Representative to violate any Federal Reserve or other regulatory risk control program or guideline; or (iv) otherwise cause Bondowner Representative to violate any applicable law or regulation.

Limitation of Liability. Bondowner Representative shall not be liable to Borrower or any other parties for: (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower’s requested Disbursements may be made or information received or transmitted, and no such entity shall be deemed an agent of Bondowner Representative; (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Bondowner Representative’s control; or (iii) any special, consequential, indirect or punitive damages, whether or not (A) any claim for these damages is based on tort or contract or (B) Bondowner Representative or Borrower knew or should have known the likelihood of these damages in any situation. Bondowner Representative makes no representations or warranties other than those expressly made in this Agreement. IN NO EVENT WILL BONDOWNER REPRESENTATIVE BE LIABLE FOR DAMAGES ARISING DIRECTLY OR INDIRECTLY IF A DISBURSEMENT REQUEST IS EXECUTED BY BONDOWNER REPRESENTATIVE IN GOOD FAITH AND IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

Reliance on Information Provided. Bondowner Representative is authorized to rely on the information provided by Borrower or any Authorized Representative in or in accordance with this Agreement when executing a Disbursement Request until Bondowner Representative has received a new Agreement signed by Borrower. Borrower agrees to be bound by any Disbursement Request: (i) authorized or transmitted by Borrower; or (ii) made in Borrower’s name and accepted by Bondowner Representative in good faith and in compliance with this Agreement, even if not properly authorized by Borrower. Bondowner Representative may rely solely (i) on the account number of the Receiving Party, rather than the Receiving Party’s name, and (ii) on the bank routing number of the Receiving Bank, rather than the Receiving Bank’s name, in executing a Disbursement Request. Bondowner Representative is not obligated or required in any way to take any actions to detect errors in information provided by Borrower or an Authorized Representative. If Bondowner Representative takes any

actions in an attempt to detect errors in the transmission or content of transfers or requests or takes any actions in an attempt to detect unauthorized Disbursement Requests, Borrower agrees that, no matter how many times Bondowner Representative takes these actions, Bondowner Representative will not in any situation be liable for failing to take or correctly perform these actions in the future, and such actions shall not become any part of the Disbursement procedures authorized herein, in the Loan Documents, or in any agreement between Bondowner Representative and Borrower.

International Disbursements. A Disbursement Request expressed in US Dollars will be sent in US Dollars, even if the Receiving Party or Receiving Bank is located outside the United States. Bondowner Representative will not execute Disbursement Requests expressed in foreign currency unless permitted by the Loan Agreement.

Errors. Borrower agrees to notify Bondowner Representative of any errors in the Disbursement of any funds or of any unauthorized or improperly authorized Disbursement Requests within fourteen (14) days after Bondowner Representative's confirmation to Borrower of such Disbursement. If Bondowner Representative is notified that it did not disburse the full amount requested in a Disbursement Request, Bondowner Representative's sole liability will be to promptly disburse the amount of the stated deficiency. If Bondowner Representative disburses an amount in excess of the amount requested in a Disbursement Request, Bondowner Representative will only be liable for such excess amount to the extent that Borrower does not receive the benefit of such amount.

Finality of Disbursement Requests. Disbursement Requests will be final and will not be subject to stop payment or recall; provided that Bondowner Representative may, at Borrower's request, make an effort to effect a stop payment or recall but will incur no liability whatsoever for its failure or inability to do so.

**CLOSING EXHIBIT
WIRE INSTRUCTIONS**

All wire instructions must contain the following information:

- Transfer/Deposit Funds to (Receiving Party Account Name)
- Receiving Party Deposit Account Number
- Receiving Party Address (City and Country, at a minimum)*
- Receiving Bank Name, City and State
- Receiving Bank Routing (ABA) Number
- Further identifying information, if applicable (title escrow number, borrower name, loan number, etc.)

* The Receiving Party's Address must be provided for international/cross-border wire transfers. International/cross-border wire transfers are defined as: funds transfers that originate outside the U.S. and are destined for a Receiving Party in the U.S.; those that originate in the U.S. and are destined for a Receiving Party outside the U.S.; as well as those that originate outside the U.S. and are destined for a Receiving Party outside the U.S.

**SUBSEQUENT DISBURSEMENT EXHIBIT
WIRE INSTRUCTIONS**

All wire instructions must contain the following information:

- Transfer/Deposit Funds to (Receiving Party Account Name)
- Receiving Party Deposit Account Number
- Receiving Party Address (City and Country, at a minimum)*
- Receiving Bank Name, City and State
- Receiving Bank Routing (ABA) Number
- Further identifying information, if applicable (title escrow number, borrower name, loan number, etc.)

* The Receiving Party's Address must be provided for international/cross-border wire transfers. International/cross-border wire transfers are defined as: funds transfers that originate outside the U.S. and are destined for a Receiving Party in the U.S.; those that originate in the U.S. and are destined for a Receiving Party outside the U.S.; as well as those that originate outside the U.S. and are destined for a Receiving Party outside the U.S.

LOAN AGREEMENT

among

COUNTY OF CONTRA COSTA, CALIFORNIA

as Issuer

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Bondowner Representative

and

TABORA GARDENS, L.P.,

as Borrower

Relating to

Up to \$_____.00

County of Contra Costa

Multifamily Housing Revenue Bonds

(Tabora Gardens Senior Apartments),

Series 2016D

Dated as of _____, 2016

The interests of the Issuer in this Agreement have been assigned to Wells Fargo Bank, National Association, as Bondowner Representative pursuant to that certain Assignment of Deed of Trust and Loan Documents, dated as of _____, 2016, between the Issuer and the Bondowner Representative.

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