
LOAN AGREEMENT

by and among the

COUNTY OF CONTRA COSTA, CALIFORNIA,

**BANK OF AMERICA, N.A.,
as Bondowner Representative**

and

**CARENA ASSOCIATES, L.P.,
a California limited partnership**

dated as of October 1, 2017

relating to:

\$ _____

**County of Contra Costa
Multifamily Housing Revenue Bonds
(Carena Scattered Site Renovation),
Series 2017A**

The interest of the County of Contra Costa, California (the "Issuer") in this Loan Agreement has been assigned (except for the "Reserved Rights" as defined in this Loan Agreement) pursuant to the Indenture of Trust, dated as of the date hereof, from the Issuer to Bank of America, N.A., as bondowner representative (the "Bondowner Representative"), and is subject to the security interest of the Bondowner Representative thereunder.

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of October 1, 2017 (together with all supplements, modifications and amendments hereto, this "Loan Agreement"), is 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 (together with its successors and assigns, the "Issuer"), Bank of America, N.A., a national banking association organized and existing under the laws of the United States of America, as bondowner representative under the herein defined Indenture (together with any successor bondowner representative hereunder and their respective successors and assigns, the "Bondowner Representative"), and Carena Associates, L.P., a California limited partnership (together with its successors and assigns, the "Borrower").

RECITALS:

WHEREAS, the Issuer is authorized under the laws of the State of California (the "State") to finance multifamily rental housing by issuing its revenue bonds; and

WHEREAS, the Issuer has determined to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Carena Scattered Site Renovation), Series 2017A in the aggregate principal amount of \$_____ (the "Bonds") pursuant to the Indenture of Trust, dated as of October 1, 2017 (the "Indenture"), executed by the Issuer and Bondowner Representative, for the purpose of providing funding necessary for the acquisition, rehabilitation and equipping by the Borrower of 113 units of multifamily rental housing, with some of the units located in the unincorporated area of the County and some of the units located in the City of Concord, California (collectively, the "Project"); and

WHEREAS, pursuant to this Loan Agreement, the Issuer has agreed to issue the Bonds and to use proceeds of the Bonds to fund a loan to the Borrower (the "Loan"), and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, rehabilitation and equipping of the Project, (ii) make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth herein; and

WHEREAS, the Borrower has delivered to the Bondowner Representative, on behalf of the Issuer, its promissory note dated the date of issuance of the Bonds in an original principal amount equal to the maximum principal amount of the Bonds, in the form executed by the Borrower (as the same may be amended, modified or supplemented from time to time, the "Note") evidencing its obligation to repay the Loan; and

WHEREAS, to secure its obligations under this Loan Agreement and the Note, the Borrower has executed (i) a Construction and Permanent Deed of Trust, with Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the "Mortgage"), (ii) an Assignment of Contracts, Plans and Specifications (as the same may be amended, modified or supplemented from time to time, the "Assignment of Project Documents") and (iii) a Security Agreement (Assignment of Partnership Interest and Capital Obligations) (as amended, modified or supplemented from time to time, the "Partnership Assignment") each dated as of even date with this Loan Agreement, for the benefit of the Issuer as secured party.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The following capitalized terms shall have the meanings specified in this Article unless the context requires otherwise. All other capitalized terms used herein which are defined in the Indenture and not defined herein shall have the respective meanings ascribed thereto in the Indenture unless otherwise expressly provided or unless the context otherwise requires. The singular shall include the plural and the masculine shall include the feminine and neuter shall include the masculine or feminine.

“Accountant” means Lindquist von Husen & Joyce LLP, or such other independent certified public accountant or firm of independent certified public accountants, selected by the Borrower and approved by the Bondowner Representative, such approval not to be unreasonably withheld or delayed.

“Additional Interest” means an amount equal to the excess of (i) the amount of interest an Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) would have received during the period of time commencing on the date that the interest on the Bonds, becomes subject to federal income taxation to the earlier of the date payment of the Bonds or the date of Determination of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for said period.

“Appraisal” means an appraisal of the market value of the Project performed by a qualified independent appraiser approved by the Bondowner Representative.

“Approved Budget” means the Proposed Budget approved by the Bondowner Representative.

“Architect” means Anne Phillips Architecture, and its successors.

“Architect’s Contract” means the American Institute of Architects Document B101, dated May 13, 2016, between the Borrower and the Architect, providing for the design of the Improvements and the supervision of the rehabilitation and equipping thereof, including ongoing monthly inspection of the Improvements, certification of Requisitions and certification of Completion, among other things.

“Bank” means Bank of America, N.A., and its successors and assigns.

“Borrower’s Funds Account” shall have the meaning set forth in Section 5.9.

“Capital Expenditures” means capital expenditures determined in accordance with generally accepted accounting principles relating to the repair, renovation or replacement of the Project.

“Change Order” means a change made to the Plans and Specifications, as evidenced by a written change order request in accordance with the terms of the Construction Contract.

“Completion” has the meaning given to such term in the Construction Disbursement Agreement.

“Completion Agreement” means the Completion Agreement, dated as of October 1, 2017, by the Guarantor in favor of the Issuer.

“Completion Deadline” has the meaning given to such term in the Construction Disbursement Agreement.

“Construction Contract” means the contract, dated _____, 20__ between the Borrower and the Contractor, providing for the rehabilitation and equipping of the Improvements and certification of Requisitions, among other things.

“Construction Disbursement Agreement” means that certain Construction Disbursement Agreement dated as of even date herewith, by and between Borrower and the initial Majority Owner.

“Consulting Engineer” has the meaning set forth for that term in the Construction Disbursement Agreement.

“Contractor” means D&H Construction.

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

“Deed of Trust Assignment” means that certain Assignment of Deed of Trust and Related Documents dated as of even date herewith by the Issuer in favor of Bondowner Representative.

“Default” or “Event of Default” means, when referring to (i) the Indenture, an event or condition specified or defined as such by Article VI of the Indenture and (ii) this Loan Agreement, an event or condition specified or defined as such by Section 7.1 hereof.

“Determination of Taxability” means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) receipt by the Bondowner Representative, of an opinion of Bond Counsel to the effect that the interest on the Bonds is includable in gross income for federal income tax purposes of the Owners thereof or any former Owner thereof, other than an Owner who is a “substantial user” (within the meaning of Section 147(a) of the Code) of the Project or a “related person” (as defined in Section 147(a) of the Code); provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if (a) the Borrower and the Bondowner Representative have been afforded the opportunity to contest such determination, and (b) if the Borrower or the Bondowner Representative has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (A) a final determination

from which no appeal may be taken with respect to such determination, or (B) abandonment of such appeal by the Borrower or the Bondowner Representative.

“Development Budget” means the budget for total estimated Project Costs and sources of payment attached to the Construction Disbursement Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and the Construction Disbursement Agreement.

“Direct Costs” means the costs of the Land, the Improvements, the Personal Property, and all labor, materials, fixtures, machinery and equipment required to [construct] [rehabilitate] and equip the Improvements in accordance with the Plans and Specifications.

“Financing Statements” means Uniform Commercial Code Form 1 Financing Statement(s) from the Borrower and the General Partner in favor of the Bondowner Representative.

“General Partner” means RCD GP LLC, a California limited liability company, together with any permitted successors and assigns as general partner of Borrower.

“General Partner Documents” means the Partnership Assignment and the Environmental Indemnity, and any other documents executed directly by the General Partner in connection with the Loan.

“Generally Accepted Accounting Principles” means the principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (ii) consistently applied with past financial statements of the Borrower adopting the same principles; provided that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in Generally Accepted Accounting Principles) as to financial statements in which such principles have been properly applied.

“Governmental Authority” means the United States, the State in which the Land is located and any political subdivision, agency, department, commission, board, bureau, authority or instrumentality of either of them, including any local authorities, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of government, which has jurisdiction over the Land or the [construction] [rehabilitation], equipping and operation of the Project thereon.

“Guarantor” means Resources for Community Development, a California nonprofit public benefit corporation.

“Guarantor Documents” means the Payment Guaranty and the Completion Agreement, and any other documents executed directly by the Guarantor in connection with the Loan.

“Hazardous Substances” has the meaning set forth for that term in the Environmental Indemnity.

“Improvements” means the 113 units of multifamily rental housing with related site improvements and amenities located on the Land and rehabilitated, equipped and furnished in accordance with the Plans and Specifications.

“Indebtedness” means all obligations, contingent and otherwise, that in accordance with Generally Accepted Accounting Principles should be classified upon the Obligor’s balance sheet as liabilities, or to which reference should be made by footnotes thereto, including in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all liabilities secured by any deed to secure debt, mortgage, deed of trust, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all liabilities under capitalized leases; and (d) all guaranties, endorsements and other contingent obligations whether direct or indirect in respect of indebtedness of others, including the obligations to reimburse the issuer of any letter of credit for amounts drawn on such letter of credit.

“Indirect Costs” means all title insurance premiums, survey charges, engineering fees, architectural fees, real estate taxes, appraisal costs, premiums for insurance, marketing, advertising and leasing costs, brokerage commissions, legal fees, accounting fees, overhead and administrative costs, and all other expenses as shown on the Development Budget which are expenditures relating to the Project and are not Direct Costs.

“Initial Notification of Taxability” means the receipt by the Bondowner Representative or the Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that interest on the Bonds is not excluded, or will not in the future be excluded, from the gross income of the owners of the Bonds for federal income tax purposes.

“Investor Limited Partner” means, collectively, Bank of America, N.A., a national banking association and Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, together with their successors and assigns as limited partner in Borrower.

“Issuer Documents” means, collectively, the Indenture, the Regulatory Agreements, the Deed of Trust Assignment, the Tax Agreement, and any other document (other than the Loan Documents) now or hereafter executed by Issuer in connection with the Bonds.

“Issuer’s Fee” means an issuance fee in the amount of _____ Dollars (\$ _____) payable by the Borrower to the Issuer on the Closing Date.

“Land” means the real property described in Exhibit A attached hereto.

“Legal Requirements” means [see Section 2.2(1)].

“Lien” means any interest in the Project or any part thereof or any right therein, including without limitation any rents, issues, profits, proceeds and revenues therefrom, securing an obligation owed to, or a claim by, any Person, whether such interest is based on the common law, statute or contract, and including but not limited to the lien and security interest arising from a deed to secure debt, mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall also include any and all reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project or any part thereof or any interest therein.

“Loan Documents” shall, prior to the Conversion Date, mean the “Loan Documents” as such term is defined in the Construction Disbursement Agreement and, from and after the Conversion Date, shall mean the “Loan Documents” as such term is defined in the Supplemental Agreement.

“Loan Fee” means an amount equal to _____ percent (____ %) of the maximum principal amount of the Bonds, or _____ Dollars (\$_____)

“Majority Owner” shall mean, initially, Bank of America, N.A., a national banking association, as the initial purchaser of the Bonds and any successor that is the owner of a majority in the principal amount of the Bonds then Outstanding or a person selected by the owners of a majority of the principal amount of the Bonds then Outstanding.

“Management Agreement” means, collectively, the three Property Management Agreements, each dated as of February 24, 2017, each between the Borrower and the Manager, and any substitute agreement for any of such agreements relating to the management of any of the units in the Project.

“Manager” means The John Stewart Company, or any successor manager of the Project approved by the Bondowner Representative and the Issuer (which approval of the Issuer shall not be unreasonably withheld and shall be deemed granted if not rejected within ten (10) days of receipt of written request therefor).

“Managing Member” means Resources for Community Development, a California nonprofit public benefit corporation, as managing member of the General Partner, together with any permitted successors and assigns.

“Mortgage” has the meaning given to the term Deed of Trust in the Indenture.

“Net Operating Income” means, for any period, (A) the lesser of (i) actual Project Revenues for such period or (ii) Project Revenues as projected in the Appraisal dated _____ for such period, adjusted to reflect a five percent (5.0%) vacancy rate less (B) the greater of (i) Operating Expenses for such period or (ii) the allocable portion of Projected Operating Expenses.

“Obligor(s)” means the Borrower, the General Partner and the Guarantor.

“Ongoing Issuer Fee” means the Issuer’s annual fee in the amount as set forth in and in accordance with and pursuant to the provisions of Section 7(a) of the Regulatory Agreements.

“Operating Expenses” means, for any period, the aggregate amount of expenses incurred by the Borrower in connection with the Project pursuant to arm’s length transactions for ordinary and necessary expenses sufficient to provide the amenities and services associated with a multi-family residential facility as follows: labor costs; general maintenance; legal and accounting fees relating solely to the operation of the Project (and not partnership administration, other than audit and other expenses incurred by the Borrower relating solely to the operation of the Project); general and administrative costs of the Borrower directly attributable to the Project (and not partnership administration) and advertising and marketing costs; supplies for the Project; non-capital repairs and replacements; leasing and brokerage commissions; management fees payable pursuant to the management agreement up to an amount equal to 3.0% of Project Revenues; costs of licenses, permits and similar fees relating to property operations; premiums for insurance required pursuant to the Loan Agreement; charges for electricity and other utilities; real estate taxes, water and sewer rents and assessments; payments made into the Replacement Reserve Fund [, the Operating Reserve Fund] and the Tax and Insurance Fund; and all other expenses incurred in connection with the ordinary course of property operations and maintenance. The foregoing expenses and fees paid to Affiliates of the Borrower, with the Bondowner Representative’s consent, shall be included as Operating Expenses in an amount equal to the actual fees and expenses paid or payable to such

Affiliate, but in no event greater than amount that customarily would be paid to an unaffiliated third party on an arm's-length basis for such services. Without limiting the generality of those items which shall be excluded from the definition of Operating Expenses, the following shall be specifically excluded from such calculation: depreciation, amortization and other non-cash items; all partnership administrative expenses (including, without limitation, legal, accounting, and other professional expenses); prepaid expenses which are not customarily prepaid in the ordinary course of business; any termination or similar fee in connection with financing for the Project; expenditures funded by disbursements from the Replacement Reserve Fund and the Tax and Insurance Fund; scheduled debt service and scheduled principal payments on Indebtedness related to the Project; penalties, late fees and similar charges arising from or on account of the Borrower's failure to pay any monetary obligations; any costs, expenses or fees, including interest, payable by the Borrower on advances made by the Bondowner Representative, the Issuer or the Bondowner Representative after an Event of Default, and franchise and income taxes of the Borrower.

"Organizational Documents" means for any corporation, partnership, trust, limited liability company, limited liability partnership, unincorporated association, business or other legal entity, the documents pursuant to which such entity has been established or organized, as such documents may be amended from time to time in accordance with the terms of this Loan Agreement.

"Owner(s)" means the registered owner or owners of the Bonds.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of October 1, 2017, among the General Partner, the Investor Limited Partner, and 112 Alves Lane, Inc., as withdrawing limited partner, as the same may be amended, modified or supplemented from time to time, subject to the terms hereof.

"Partnership Documents" means, collectively, the Partnership Agreement, and any other documents that govern the formation, organization, management and funding of Borrower's partnership.

"Payment Guaranty" means the Payment Guaranty, dated as of October 1, 2017, by the Guarantor in favor of the Issuer.

"Permanent Lender" shall mean California Community Reinvestment Corporation, a California nonprofit public benefit corporation.

"Permitted Encumbrances" has the meaning set forth for that term in the Mortgage.

"Personal Property" means all materials, furnishings, fixtures, furniture, machinery, equipment and all items of tangible or intangible personal property now or hereafter owned or acquired by the Borrower in which the Issuer has been or will be granted an interest to secure the obligations of the Borrower under the Loan Documents.

"Plans and Specifications" means the plans and specifications for the Project prepared by the Architect and more particularly described in the Construction Disbursement Agreement, as the same may be amended, modified or supplemented in accordance with the terms hereof and the Construction Disbursement Agreement.

"Project" has the meaning given to the term "Development" in the Indenture.

“Project Approvals” means all approvals, consents, waivers, orders, agreements, authorization, permits and licenses required under applicable Legal Requirements or under the terms of any restriction, covenant or easement affecting the Project, or otherwise necessary or desirable for the ownership, acquisition, rehabilitation and equipping, use and operation of the Project and the Improvements, whether obtained from a Governmental Authority or any other Person.

“Project Costs” means the sum of all Direct Costs and Indirect Costs that will be incurred by the Borrower in connection with the acquisition of the Land and the Improvements, the rehabilitation and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements, and the operation and carrying of the Project through Stabilization.

“Project Revenues” means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof (other than revenue from Section 8 vouchers to the extent such revenue causes the rent on any unit to exceed the lower of (A) maximum allowable tax credit rent designated for that unit or (B) the average rent being achieved for similar non-Section 8 subsidized units within the Project for such period), adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service and parking income, but exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards, (iv) security deposits and prepaid rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases, and (v) interest earnings.

“Projected Operating Expenses” means \$834,504.00 per annum (increased on an annual basis beginning _____ 1, 20___, by 3.5%), [plus actual costs of utilities, insurance and Impositions (provided Impositions constituting real property taxes are based on the full assessed value of the Project following completion of rehabilitation and equipping of the Improvements as contemplated by this Loan Agreement and provided further that if the actual amount of real property taxes reflects a full or partial abatement or exemption, such abatement or exemption shall have been approved by Bondowner Representative), plus all required deposits into the Replacement Reserve Fund [and Operating Reserve Fund].

“Property” has the meaning set forth for that term in the Mortgage.

“Proposed Budget” means the proposed capital and operating budget for the Project, submitted to the Bondowner Representative for approval.

“Rebate Analyst” means any Person, chosen by the Borrower and at the expense of the Borrower, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, which is engaged for the purpose of determining the amount of required deposits to the Rebate Fund, if any, pursuant to the Tax Agreement.

“Related Person” means a “related person” as defined in Section 147(a) of the Code.

“Replacement Reserve Amount” means during the first twelve months following completion of the rehabilitation and equipping of the Project, an amount equal to \$_____ times the number of apartment units at the Project, which amount shall be increased (i) as of the first day of the first full month of each succeeding twelve month period by the amount by

which the cost of living (as reflected in the Consumer Price Index for the metropolitan area in which the Project is located, or any successor or substitute index) as of the last calendar month of the immediately preceding twelve month period exceeded such cost of living as of the last calendar month of the prior twelve month period and (ii) not more frequently than once every five years upon the written direction of the Bondowner Representative by an amount reasonably determined by the Bondowner Representative, based on a physical needs assessment in respect of the Project, as necessary to meet the upcoming capital needs of the Project.

“Required Equity Funds” means contributions by Investor Limited Partner to the capital of the Borrower, for application to Project Costs in accordance with the Approved Budget, to be contributed and so applied in installments at times and in amounts approved by the Bondowner Representative, in the aggregate amount of _____ Dollars (\$_____).

“Reserved Rights” means, the rights of the Issuer hereunder pursuant to Sections 2.3(a), 2.3(b), 2.3(c), 2.3(d), 2.3(e), 2.3(l), 3.2(b), 3.2(d), 3.2(e), 5.3, 5.6, 5.13, 5.14, 5.19, 5.21(b), 6.3(a)(ii), 7.4 and 7.8 hereof, which are retained and not assigned to the Bondowner Representative pursuant to the Indenture.

“Single Purpose Entity” means an entity that (i) is formed solely for the purpose of owning and operating a single asset; (ii) does not engage in any business unrelated to such asset; (iii) keeps its own books and records and its own accounts, separate and apart from the books, records and accounts of any other Person; and (iv) holds itself out as being a legal entity, separate and apart from any other Person.

“Subordinate Loans” has the meaning given to such term in the Construction Disbursement Agreement.

“Subordinate Loan Documents” means all documents evidencing, securing, guaranteeing and otherwise relating to the Subordinate Loans.

“Supplemental Agreement” means the Supplemental Agreement dated as of even date herewith, by and between Borrower and Permanent Lender.

“Survey” means an instrument survey of the Land and the Improvements prepared in accordance with the Bondowner Representative’s survey requirements, such survey to be reasonably satisfactory to the Bondowner Representative in form and substance.

“Tax Agreement” means the Tax Certificate, as defined in the Indenture.

“Tax Credits” means the federal low income housing credits available with respect to the Project.

“Taxable Rate” means a rate of interest equal to the lesser of twelve percent (12.0%) per annum or a rate per annum that is two percent (2%) in excess of the Prime Rate, with changes in the Taxable Rate effective concurrently with each announced change in the Prime Rate.

“Title Insurance Company” means North American Title Company.

“Title Policy” means an ALTA standard form title insurance policy issued by the Title Insurance Company for the benefit of the Bondowner Representative and, its successors and assigns, as their interests may appear (with such reinsurance or co-insurance as the Bondowner

Representative may require, any such reinsurance to be with direct access endorsements) insuring the priority of the Mortgage and that the Borrower holds marketable fee simple title to the Project, subject only to Permitted Encumbrances and such exceptions as the Bondowner Representative may approve, and containing such endorsements and affirmative insurance as the Bondowner Representative in its discretion may require.

Section 1.2 Construction. In this Loan Agreement, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Loan Agreement.

(b) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Loan Agreement.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) References in this Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations by the Issuer. The Issuer makes the following representations as of the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Issuer is a public body corporate, duly organized and validly existing under the laws of the State.

(b) The Issuer has the power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents, to issue the Bonds and receive the proceeds of the Bonds, to apply the proceeds of the Bonds to make the Loan, to assign the revenues derived and to be derived by the Issuer from the Loan to the Bondowner Representative and to perform and observe the obligations of the Issuer under the Issuer Documents and the Bonds.

(c) The Issuer has duly authorized the execution and delivery by it of each of the Issuer Documents and the performance of the obligations of the Issuer thereunder, and the issuance sale and delivery of the Bonds.

(d) The Issuer Documents and the Bonds have been duly executed and delivered by the Issuer and constitute the legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights, and except to the extent that availability of the remedy of specific performance or injunctive

relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(e) Neither of the Issuer nor, to the knowledge of the Issuer, any supervisor, officer or employee of the Issuer has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(f) There is no action, suit, proceeding, inquiry or investigation pending with respect to which the Issuer has been served with process or, to the knowledge of the Issuer, threatened against the Issuer by or before any court, governmental agency or public board or body, which (i) affects or questions the existence or the territorial jurisdiction of the Issuer or the title to office of any supervisor of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bonds; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bonds or to carry out the transactions contemplated by any of the Issuer Documents or the Bonds.

(g) The Issuer has used no broker in connection with the execution hereof and the transactions on its part contemplated hereby.

The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, rehabilitation and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

Section 2.2 Representations by the Borrower. The Borrower makes the following representations and warranties, and covenants and agrees as follows, as of and from the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Borrower is, and at all times will be, a limited partnership duly organized, validly existing and in good standing under the laws of the State. The General Partner is, and at all times will be, a limited liability company, duly organized, validly existing and in good standing under the laws of the State. The Managing Member is, and at all times will be, a California nonprofit public benefit corporation, duly organized, validly existing and in good standing under the laws of the State. Each of the Borrower, the General Partner and the Managing Member has, and will at all times have, all requisite power to own its property and conduct its business as now conducted and as presently contemplated, to execute and deliver the Loan Documents and the General Partner Documents and to perform its duties and obligations hereunder and thereunder.

(b) The execution, delivery and performance of this Loan Agreement and the other Loan Documents, and the Regulatory Agreements, and the transactions contemplated hereby and thereby (i) are within the authority of the Borrower, (ii) have been duly authorized by all necessary proceedings on the part of the Borrower, (iii) do not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borrower is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower, (iv) do not conflict with any provision of the Organizational Documents of the Borrower, and (v) do not require the approval or consent of, or filing with, any governmental agency or authority other than

those already obtained and the filing of certain of the Loan Documents and the Regulatory Agreements in the appropriate public records.

(c) The execution and delivery of the Regulatory Agreements, and this Loan Agreement and the other Loan Documents, will result in valid and legally binding obligations of the Borrower enforceable against it in accordance with the respective terms and provisions hereof and thereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(d) The Borrower and the General Partner are, and will at all times be, Single Purpose Entities.

(e) The address of the Borrower's chief executive office and principal place of business is Carena Associates, L.P. c/o Resources for Community Development, 2220 Oxford Street, Berkeley, CA 94704. The organizational identification number for the Borrower is 201702500003. The federal employer identification number for the Borrower is 81-5153821.

(f) On the Closing Date, the Borrower will acquire and hold fee simple title to the Land and the Improvements, in each case subject only to the Permitted Encumbrances. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(g) The Borrower is not subject to any charter, partnership or other legal restriction, or any judgment, decree, order, rule or regulation that has or is expected in the future to have a materially adverse effect on the business assets or financial condition of the Borrower. The Borrower is not, and will not be, a party to any contract or agreement that has or is expected, in the judgment of the Borrower's partners, to have any materially adverse effect on the business or financial condition of the Borrower.

(h) The Borrower is not and will not at any time be, in violation of any provision of its Organizational Documents or any agreement or instrument to which it may be subject or by which it or any of its properties may be bound or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could result in the imposition of substantial penalties or adversely affect the financial condition, properties or business of the Borrower.

(i) The Borrower and each Obligor (i) has made or filed, and will make or file in a timely fashion, all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid, and will pay when due, all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and by appropriate proceedings, (iii) if a partnership, limited liability partnership or limited liability company, has, and will maintain, partnership tax classification under the Code, and (iv) has set aside, and will at all times set aside, on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the period to which such returns, reports or declarations apply. There are

no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the partners, officers, members or trustees of the Borrower know of no basis for any such claim. The Borrower has filed, and will continue to file, all of such tax returns, reports, and declarations either (x) separately from any Affiliate or (y) if part of a consolidated filing, as a separate member of any such consolidated group.

(j) The Project is located wholly within the State and within the jurisdiction of the Issuer.

(k) None of the Issuer or any supervisor, officer or employee of the Issuer has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(l) There is no Event of Default on the part of the Borrower or any Obligor under this Loan Agreement or any other Loan Document, any General Partner Document, any Guarantor Document or any Organizational Document, and no event has occurred and is continuing which after notice or passage of time or both would give rise to a default under any thereof. The Borrower has received no notices of and has no knowledge of any violations of any Legal Requirements or Project Approvals.

(m) The certifications, representations, warranties, statements, information and descriptions contained in the Loan Documents and in the Tax Certificate, as of the date of the first authentication and delivery of the Bonds, are and will be true, correct and complete, do not and will not contain any untrue statement or misleading statement of a material fact, and do not and will not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and the assumptions contained in the Loan Documents and in the Tax Certificate, as of the date of the first authentication and delivery of the Bonds, are reasonable and based on the best information available to the Borrower. Each of the certifications, representations, warranties, statements, information and descriptions contained in the Tax Certificate is hereby incorporated into this Loan Agreement by reference, as if fully set forth herein.

(n) The Borrower has furnished to the Issuer in the Tax Certificate all information necessary for the Issuer to file an IRS Form 8038 with respect to the Bonds, and all of such information is and will be on the date of filing, true, complete and correct.

(o) The Borrower is not contemplating either the filing of a petition by it, by the General Partner or by the Managing Member under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it or any Obligor.

(p) The Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. section 2510.3-101.

(q) No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would

be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Loan Document.

(r) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) 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 (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(s) The Borrower has not entered into the Loan or any Loan Document with the actual intent to hinder, delay, or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the transactions contemplated by the Loan Documents, the fair saleable value of the Borrower’s assets exceeds and will, immediately following the execution and delivery of the Loan Documents, exceed the Borrower’s total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower’s assets is and will, immediately following the execution and delivery of the Loan Documents, be greater than the Borrower’s probable liabilities, including maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower’s assets do not and, immediately following the execution and delivery of the Loan Documents, will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

(t) All information regarding the Borrower, the Project and any Obligor delivered to the Issuer, the Bondowner Representative, CCRC and the Bank is true and correct in all material respects and all such financial information fairly presents the financial condition and results of operations of the Borrower and the other Obligors for the periods to which such financial information relates, and discloses all liabilities and contingent liabilities of the Borrower or the other Obligors.

(u) There are no actions, suits, proceedings or investigations of any kind pending or threatened against the Borrower, the General Partner or the Managing Member before any court, tribunal or administrative agency or board or any mediator or arbitrator that, if adversely determined, might, either in any case or in the aggregate, adversely affect the business, assets or financial condition of the Borrower, the General Partner or the Managing Member, or result in any liability not adequately covered by insurance, or for which adequate reserves are not maintained on the balance sheet of the Borrower, the General Partner or the Managing Member, or which question the validity of the Regulatory Agreements, or this Loan Agreement or any of the other Loan Documents, or any of the General Partner Documents, any action taken or to be taken pursuant hereto or thereto, or any lien or security interest created or intended to be created pursuant hereto or thereto, or which will adversely affect the ability of the Borrower or the General Partner to rehabilitate, equip, use and occupy the Project or to pay and perform its obligations hereunder in the manner contemplated by the Regulatory Agreements, this Loan Agreement, any of the other Loan Documents or any of the General Partner Documents.

(v) All utility services necessary and sufficient for the rehabilitation, equipping and operation of the Project shall be, upon Completion of the Project, and thereafter will at all times be, available through dedicated public rights of way or through perpetual private easements with respect to the Borrower's interest in which the Mortgage creates a valid and enforceable first priority mortgage lien. The Borrower has obtained, or promptly will obtain, all utility installations and connections required for the operation and servicing of the Project for its intended purposes.

(w) The rights of way for all roads necessary for the full utilization of the Project for its intended purposes have either been acquired by the appropriate Governmental Authority or have been dedicated to public use and accepted by such Governmental Authority. All such roads shall have been completed, and the right to use all such roads, or suitable substitute rights of way approved by the initial Bondowner Representative, shall be maintained at all times for the Project. All curb cuts, driveways and traffic signals shown on the Plans and Specifications are existing or have been fully approved by the appropriate Governmental Authority and after the completion thereof, shall be maintained at all times for the Project.

(x) The acquisition, rehabilitation, equipping, use and occupancy of the Project will at times comply with all Legal Requirements. The Borrower will give all notices to, and take all other actions with respect to, such Governmental Authorities as may be required under applicable Legal Requirements to rehabilitate and equip the Improvements and to use, occupy and operate the Project.

(y) Except as set forth on Exhibit C hereto, the Borrower has obtained all Project Approvals required for the acquisition, rehabilitation and equipping of the Project in accordance with the Plans and Specifications. All Project Approvals obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Project Approvals required for acquisition, rehabilitation and equipping of the Project in accordance with the Plans and Specifications and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course in order to permit completion of rehabilitation and equipping of the Project in accordance with the Plans and Specifications on or before the Completion Deadline. The Borrower will timely obtain all Project Approvals not heretofore obtained by the Borrower (including those listed and described on Exhibit C hereto, those required for use and occupancy of the Project for its intended purpose upon Completion and any other Project Approvals which may hereafter become required, necessary or desirable) and will furnish the Bondowner Representative with evidence that the Borrower has obtained such Project Approvals promptly upon their receipt. The Borrower will duly perform and comply with all of the terms and conditions of all Project Approvals obtained at any time. No Project Approvals will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure, deed in lieu of foreclosure or exercise of power of sale under the Mortgage.

(z) The Borrower has furnished the Bank with true and complete sets of the Plans and Specifications. The Plans and Specifications so furnished to the initial Bondowner Representative comply with all Legal Requirements, all Project Approvals, and all restrictions, covenants and easements affecting the Project, and have been approved by such Governmental Authority as is required for rehabilitation and equipping of the Improvements.

(aa) The Development Budget accurately reflects all Project Costs.

(bb) The Survey delivered to the Bank does not fail to reflect any material matter of survey affecting the Project or the title thereto.

(cc) No part of the Land is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any part of the Land is an area identified as an area having special flood hazard, adequate flood insurance has been obtained by the Borrower.

(dd) The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which might materially adversely affect the condition (financial or otherwise) or business of the Borrower. There has not been and shall never be committed by the Borrower or any other Person in occupancy of or involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof any moneys paid in performance of the Borrower's obligations under any Loan Document.

(ee) The Construction Contract and the Architect's Contract are each in full force and effect and each of the parties thereto are in full compliance with their respective obligations thereunder. The work to be performed by the Contractor under the Construction Contract is the work called for by the Plans and Specifications, and all work required to complete the Improvements in accordance with the Plans and Specifications is provided for under the Construction Contract.

(ff) Each Requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date hereof.

(gg) The Related Persons are not (and to Borrower's knowledge after diligent inquiry, no other Person holding any legal or beneficial interest whatsoever in the Related Persons, directly or indirectly, is included in, owned by, Controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the Persons referred to or described in any list of persons, entities, and governments issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") pursuant to Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended ("Executive Order 13224"), or any similar list issued by OFAC or any other department or agency of the United States of America (collectively, the "OFAC Lists").

(hh) The 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 is a party; 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 the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds for the Loan.

(ii) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell any of the units that

comprise the Project. It is hereby acknowledged, however, that the Borrower's partnership agreement does provide for certain rights of its partners to acquire the Project, and for the possible acquisition of the Project following the fifteen year tax credit compliance period as identified in the Borrower's partnership agreement, and those provisions shall not result in a breach of this Section 2.2(ii).

(jj) All of the proceeds from the Loan plus the income from the investment of the proceeds of the Loan will be used to pay or reimburse the Borrower for Project Costs, and at least 97% of the proceeds of the Loan will be used to pay or reimburse the Borrower for Qualified Project Costs (as defined in the Regulatory Agreements) and less than 25% of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Loan are expended so as to cause the Bonds to constitute "qualified residential rental bonds" within the meaning of Section 142(d) of the Code.

(kk) The estimated total cost of the financing of the acquisition and rehabilitation of the Project is equal to or in excess of the principal amount of the Loan.

(ll) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation.

Section 2.3 Covenants by the Borrower. The Borrower hereby covenants and agrees that, on and after the Closing Date, it will:

(a) Give written notice promptly, and in any event at least thirty (30) days prior to the closing thereof, of any intended refinancing of the Project to the Issuer and the Bondowner Representative;

(b) Comply with all Legal Requirements and promptly furnish the Issuer and the Bondowner Representative with reports of any official searches made by any Governmental Authority and any claims of violations thereof;

(c) Upon reasonable notice and at reasonable times, permit the Majority Owner, the Issuer and the Bondowner Representative (or their representatives) to enter upon the Land and inspect the Project;

(d) Indemnify the Issuer, the Owners and the Bondowner Representative against claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby;

(e) Deliver to the Bondowner Representative and upon its Written Request the Issuer, copies of all leases (other than leases to residential tenants in the ordinary course of business in the form set forth in Exhibit D hereto) with respect to the Project or any portion thereof, whether executed before or after the date of this Loan Agreement;

(f) Not enter into, cancel or amend any agreement for the furnishing of management or similar services to the Project, without the prior written consent of the Bondowner Representative and the Issuer, such consent not to be unreasonably withheld or delayed;

(g) Comply with all restrictions, covenants and easements affecting the Land or the Project;

(h) Take, or require to be taken, such acts as may be required under applicable law or regulation in order that the interest on the Bonds continues to be excludable from gross income for purposes of federal income taxation, and refrain from taking any action which would adversely affect the exclusion from gross income of interest on the Bonds from federal income taxation;

(i) Perform and satisfy all the duties and obligations of the Borrower set forth and specified in the Indenture as duties and obligations of the Borrower, including those duties and obligations which the Indenture requires this Loan Agreement or the other Loan Documents to impose upon the Borrower;

(j) Confirm and assure that the Project, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at reasonable times and upon reasonable notice by the Issuer or the Bondowner Representative or the duly authorized agent of any of them and shall keep copies of all written contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination by the Issuer, the Bondowner Representative or the duly authorized agent of any of them;

(k) Commencing on the fifth anniversary of the Closing Date, and on such anniversary in each fifth year thereafter, cause to be delivered to the Bondowner Representative, if so requested by the Bondowner Representative, at Borrower's cost, an opinion of counsel, who may be counsel for the Borrower, addressed to the Bondowner Representative and stating that based upon the law in effect on the date of such opinion no filing, registration or recording and no refiling, re-registration or rerecording of the Mortgage and any Financing Statement, amendments thereto, continuation statements or instruments of a similar character relating to the pledges and assignments made by the Borrower to the Issuer or the Bondowner Representative to or for the benefit of the Owners of Bonds is required by law in order to fully preserve and protect the rights of the Issuer, the Bondowner Representative and the Owners of Bonds, as the case may be, or if such filing, registration, recording, refiling, re-registration or rerecording is necessary, setting forth the requirements in respect thereof; and cause such filing, registration, recording, refiling, re-registration or rerecording to take place at Borrower's expense and promptly after any filing, recording, refiling or rerecording of the Mortgage and any such Financing Statement or amendment thereto or continuation statement or instrument, deliver to the Bondowner Representative evidence, satisfactory to the Bondowner Representative, that such filing, registration, recording, refiling, re-registration, or rerecording has been duly accomplished and setting forth the particulars thereof;

(l) Promptly notify the Issuer and the Bondowner Representative in writing of any (i) default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Loan Agreement or any other Loan Documents or (ii) any event or condition which with the lapse of time or the giving of notice, or both would constitute an Event of Default under this Loan Agreement or any other Loan Documents; and commence, pursue and complete rehabilitation and equipping of the Improvements as provided herein and in the Construction Disbursement Agreement.

(m) Make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(n) In the event the Loan proceeds are not sufficient to complete the acquisition and rehabilitation of the Project and the payment of all Issuance Costs, it will furnish any additional moneys from any source determined by the Borrower as necessary to complete the acquisition and rehabilitation of the Project and pay all Issuance Costs.

The Borrower acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency require granting the Borrower the right to receive brokerage confirmations of securities transactions as they occur, the Borrower specifically waives the right to receive such confirmations.

ARTICLE III

LOAN AND PROVISIONS FOR REPAYMENT

Section 3.1 Issuance of Bonds and Delivery of Note and other Loan Documents.

(a) In order to finance a portion of the costs of the acquisition, rehabilitation and equipping of the Project, the Issuer has, consistent with its duties and purpose under the Act, issued and caused the Bondowner Representative to authenticate and deliver the Bonds pursuant to the Indenture to the initial Owner. The Bonds bear interest and are payable as provided therein and in the Indenture. The Bonds shall mature and all Outstanding principal of, Prepayment Equalization Payments, interest and Additional Interest (if any) on such series of Bonds shall be due and payable in full on the Maturity Date, all as provided more fully in the Bonds and the Indenture.

(b) The Issuer agrees to lend the proceeds received from the sale of the Bonds to the Borrower, by causing such amounts to be deposited directly into the Project Fund, subject to the terms and conditions of the Indenture and this Loan Agreement, including the terms and conditions thereof and hereof governing the disbursement of proceeds of the Loan.

(c) Pursuant to the Indenture, the Bondowner Representative shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, rehabilitation and equipping of the Project, subject to the conditions of the Indenture and this Loan Agreement. Upon receipt of a properly signed Requisition approved by the Bondowner Representative (which approval of the Bondowner Representative is expressly subject to the satisfaction of the conditions precedent set forth in the Construction Disbursement Agreement), the Bondowner Representative is authorized to act upon such Requisition without further inquiry, and, except for negligence after notice of facts to the contrary or willful misconduct of the Bondowner Representative, the Borrower shall hold the Bondowner Representative harmless against any and all losses, claims or liabilities incurred in connection with the Bondowner Representative's making disbursements from the Project Fund in accordance with such Requisition. Neither the Bondowner Representative nor the Issuer shall be responsible for the application by the Borrower of moneys properly disbursed from the Project Fund.

(d) Concurrently with the sale and delivery of the Bonds, and to evidence further the obligation to repay the Loan in accordance with the provisions of this Loan Agreement, the Borrower has executed and delivered the Note and the other Loan Documents.

Section 3.2 Loan Repayments and Other Amounts.

(a) The Borrower shall pay to the Bondowner Representative, on the first day of each month commencing with _____ 1, 2017, an amount equal to the sum of (i) the interest due on the Bonds on said date, plus (ii) the principal due on the Bonds on said date, plus (iii) amounts required to be deposited into the Replacement Reserve Fund (pursuant to Section 5.22(c) hereof), the Operating Reserve Fund (pursuant to Section 5.22(i) hereof) and the Tax and Insurance Fund pursuant to Section 5.22(h) hereof) as of such date. Amounts so paid to the Bondowner Representative by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

(b) The Borrower understands that the interest rate applicable under the Note and with respect to the Bonds is based upon the assumption that interest income paid on the Bonds will be excludable from the gross income of the Owners under Section 103 of the Code and applicable state law. In the event that an Initial Notification of Taxability shall occur, then the interest rate on the Note and the Bonds, and on all obligations under this Loan Agreement (other than those to which the Alternative Rate applies) shall, effective on the date of such Initial Notification of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Bondowner Representative, for remission by the Bondowner Representative to the owners of the Bonds, promptly upon demand from the Bondowner Representative, an amount equal to the Additional Interest payable on the Bonds. The Borrower shall also indemnify, defend and hold the Owners harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Owners' and Bondowner Representative's "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bonds and any interest payable to any Owner with respect to the Bonds. The obligations of the Borrower under this Section 3.2(b) shall survive termination of this Loan Agreement and the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.2(b), a final determination is made, to the satisfaction of the Owners, that interest paid on the Bonds is excludable from the Owners' gross income under Section 103 of the Code and applicable state law, the Owners shall promptly refund to the Borrower any Additional Interest and other additional amounts paid by the Borrower pursuant to this Section 3.2(b).

(c) The Borrower agrees to pay the Issuer's Fee and the Ongoing Issuer Fee to the Issuer. The Borrower also agrees to pay all fees, charges and expenses of the Issuer (including, without limitation, the fees and expenses of counsel to the Issuer, Bond Counsel and counsel to the Bondowner Representative), as and when the same become due. The Borrower also agrees to pay the printing and engraving costs of the Bonds, including any certificates required to be prepared for use in connection with any exchanges of Bonds for the cost of which Owners are not liable. The Borrower also agrees to pay the Loan Fee to Bank on or before the Closing Date, to pay the fees of the Majority Owner and the Bondowner Representative, and to pay all reasonable costs and expenses incurred by the Majority Owner and the Bondowner Representative in connection with the administration of the Bonds, the Loan or the collateral therefor, and any amendments, modifications or "workouts" thereof, including without limitation reasonable attorneys' fees and costs (including allocated costs of in-house attorneys), fees and costs of engineers, accountants, appraisers and other consultants, title insurance premiums and recording costs upon receipt of written demand therefor.

(d) The Borrower agrees to pay all Issuance Costs (in addition to those Issuance Costs otherwise required to be paid by this Section 3.2).

(e) The Borrower agrees to pay any Prepayment Fee, as such term is defined in, and otherwise at the times and in the amounts the same become payable pursuant to the Note.

(f) The Borrower agrees to pay, as and when the same become due, to the Issuer or the Bondowner Representative any extraordinary expenses, including, without limitation, any costs of litigation, which may be incurred by the Issuer or the Bondowner Representative in connection with this Loan Agreement, the Regulatory Agreements or the Indenture, including the reasonable, actually incurred costs and fees of any attorneys or other experts retained by the Issuer or the Bondowner Representative in connection therewith.

(g) The Borrower agrees to repay the Loan at the times and in the amounts necessary to enable the Bondowner Representative, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption, acceleration, tender, purchase or otherwise.

Section 3.3 Payments Pledged and Assigned. It is understood and agreed that the Loan Documents and certain other documents and property and all payments required to be made by the Borrower pursuant hereto (except payments to be made to the Issuer in respect of its Reserved Rights and payments to be made to the Bondowner Representative pursuant to Section 3.2(b) hereof) have been assigned to the Bondowner Representative simultaneously herewith pursuant to the Indenture as and for security for the Bonds. The Borrower hereby consents to such assignment and recognizes the Bondowner Representative as the assignee of the Issuer, to the extent of the assignment, for purposes of said documents and property.

Section 3.4 Obligations of Borrower Hereunder Unconditional. The obligations of the Borrower to make any payments required by the terms of this Loan Agreement and the other Loan Documents, including, without limitation, the payments required in Section 3.2 hereof, and to perform and observe the other agreements on its part contained herein and in the other Loan Documents shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set off, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other agreements contained herein and the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete rehabilitation and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any 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 Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (provided the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

ARTICLE IV

ADVANCES

Section 4.1 Requisition. At such time as the Borrower shall desire to obtain an advance of the Loan proceeds or an advance of amounts on deposit in the Borrower's Fund Account, the Borrower shall complete, execute and deliver a Requisition to the Bondowner Representative. Each Requisition shall be signed on behalf of the Borrower and shall be in the form attached as Exhibit G to the Construction Disbursement Agreement. The Bondowner Representative may rely conclusively on the statements and certifications contained in any Requisition. Each advance of the Loan proceeds or an advance of amounts on deposit in the Borrower's Fund Account, shall be subject to prior approval of the Requisition by the Bondowner Representative.

ARTICLE V

SPECIAL COVENANTS OF THE BORROWER

Section 5.1 Commencement and Completion of Project. The Borrower will commence rehabilitation and equipping of the Improvements within thirty (30) days after the Closing Date, will diligently pursue rehabilitation and equipping of the Improvements, will attain Completion prior to the Completion Deadline, and will pay all sums and perform all such acts as may be necessary or appropriate to complete such rehabilitation and equipping, all as more fully set forth in the Construction Disbursement Agreement.

Section 5.2 Records and Accounts. The Borrower will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with Generally Accepted Accounting Principles, which records and books will not be maintained on a consolidated basis with those of any other Person, including any Affiliate of the Borrower and (b) maintain adequate accounts and reserves for all taxes (including income taxes), depreciation and amortization of its properties, contingencies, and other reserves, all of which accounts shall not be commingled with accounts of any other Person, including any or Affiliate of the Borrower.

Section 5.3 Financial Statements and Information. The Borrower will deliver, or cause to be delivered, to the Issuer (but only upon its written request) and in any event to the Bondowner Representative.

(a) the financial statements and information set forth in Schedule 5.3 attached hereto.

(b) quarterly, on the first day of each calendar quarter beginning with the quarter in which the Project achieves Completion and ending in the quarter in which the Project achieves Stabilization, a certificate in the form set forth in Exhibit G hereto; and

(c) from time to time such other financial data and information related to the Borrower, the General Partner and the Project as the Issuer or the Bondowner Representative may reasonably request.

Section 5.4 Insurance.

(a) The Borrower will obtain and maintain insurance with respect to the Project and the operations of the Borrower as required from time to time by the Bondowner Representative.

The initial insurance requirements are set forth on Exhibit E hereto. All renewal policies, with premiums paid, shall be delivered to the Bondowner Representative at least thirty (30) days before expiration of the existing policies. If any such insurance shall expire or be canceled, or become void or voidable by reason of the breach of any condition of coverage, or if the Bondowner Representative determines that any coverage is unsatisfactory by reason of the failure or impairment of the capital of any insurance carrier, or if any insurance is unsatisfactory to the Bondowner Representative, in its sole judgment, the Borrower shall promptly place new insurance satisfactory to the Bondowner Representative.

(b) The Borrower will provide the Bondowner Representative with certificates evidencing such insurance upon the request of the Bondowner Representative.

(c) If the Borrower fails to provide, maintain, keep in force or deliver to the Bondowner Representative the policies of insurance and certificates required by this Loan Agreement, the Bondowner Representative may (but shall have no obligation to) procure such insurance, and the Borrower will pay all premiums thereon promptly on demand by the Bondowner Representative, and until such payment is made by the Borrower, the amount of all such premiums shall bear interest at the Alternative Rate (as defined in the Note).

Section 5.5 Liens and Other Charges. The Borrower will duly pay and discharge, cause to be paid and discharged, or provide a bond satisfactory to the Bondowner Representative to pay or discharge, before the same shall become overdue all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of its property.

Section 5.6 Inspection of Project and Books, Appraisals.

(a) The Borrower shall permit the Issuer and the Bondowner Representative upon reasonable notice at reasonable times, at the Borrower's cost and expense, to visit and inspect the Project and all materials to be used in the rehabilitation and equipping thereof and will cooperate with the Issuer and the Bondowner Representative during such inspections (including making available working drawings of the Plans and Specifications); provided that this provision shall not be deemed to impose on the Issuer and the Bondowner Representative any obligation to undertake such inspections.

(b) The Borrower shall permit the Issuer and the Bondowner Representative, upon reasonable notice at reasonable times, at the Borrower's cost and expense, to examine the books of account of the Borrower and the Project (and to make copies thereof and extracts therefrom) and to discuss the affairs, finances and accounts of the Borrower and the Project with, and to be advised as to the same by, its officers, partners, or trustees, all at such reasonable times and intervals as the Issuer and the Bondowner Representative may reasonably request; provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one (1) such investigation during any twelve (12) month period.

(c) The Issuer and the Bondowner Representative shall have the right to obtain from time to time, at the Borrower's cost and expense, updated Appraisals of the Project; provided that so long as no Default or Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay for the costs and expenses associated with one (1) such Appraisal during any twelve (12) month period.

(d) The costs and expenses incurred by the Issuer and the Bondowner Representative in obtaining such Appraisals or performing such inspections shall be paid by the

Borrower promptly upon billing or request by the Issuer and the Bondowner Representative for reimbursement.

Section 5.7 Compliance with Laws, Contracts, Licenses, and Permits. The Borrower will comply with (a) all Legal Requirements, (b) the provisions of its Organizational Documents, (c) all applicable decrees, orders and judgments, and (d) all licenses and permits required by applicable laws and regulations for the conduct of its business or the ownership, use or operation of its properties, including all Project Approvals.

Section 5.8 Use of Proceeds. In accordance with the Development Budget, the Borrower will use the proceeds of the Bonds solely for the purpose of paying for Qualified Development Costs.

Section 5.9 Borrower to Pay Excess Project Costs. The Borrower will pay when due all costs of acquisition, rehabilitation and equipping of the Project in excess of the proceeds of the Loan, regardless of the amount. If at any time, the Bondowner Representative shall in its sole discretion determine that the remaining undisbursed portion of the Project Fund, together with the undisbursed balance of Required Equity Funds, and any other sums previously deposited or to be deposited by the Borrower in connection with the Project, is or will be insufficient to complete the rehabilitation and equipping of the Improvements in accordance with the Plans and Specifications, to operate and carry the Project after Completion until Stabilization, to pay all other Project costs, to pay all interest accrued or to accrue on the Bonds from and after the date hereof or until Stabilization, and to pay all other sums due or to become due under the Loan Documents (or any budget category or line item), regardless of how such condition may be caused, the Borrower will, within ten (10) days after written notice of such determination from the Bondowner Representative, deposit into the Borrower's Funds Account such sums of money in cash as the Bondowner Representative may require, in an amount sufficient to remedy the condition described in such notice, and sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements, and, at the Bondowner Representative's direction, no further disbursements from the Project Fund shall be made by the Bondowner Representative until the provisions of this Section have been fully complied with. Unless otherwise shown in the Development Budget, all sums provided by Borrower in accordance with the preceding sentence shall be deposited into a non-interest-bearing account with Bondowner Representative in the name of Borrower (the "Borrower's Funds Account") on and subject to such terms and conditions as are made available generally to Bondowner Representative's commercial customers for accounts of the same amount and tenor. Funds held in the Borrower's Funds Account shall be and remain in the exclusive control of Bondowner Representative. Borrower hereby pledges to Bondowner Representative, and grants a security interest to the Issuer and Bondowner Representative, as agent for and for the benefit of Owners, in and to, the Borrower's Funds Account and all monies therein from time to time. That pledge and security interest shall secure the performance by Borrower of the obligations of Borrower under this Loan Agreement, the Note and the other Loan Documents. Issuer and Bondowner Representative shall have available to it all rights available to a secured party under the Uniform Commercial Code of the State of California in connection with such security interest. Borrower agrees to execute and deliver to Issuer and Bondowner Representative such additional documents as Issuer and/or Bondowner Representative may reasonably require from time to time in order to further evidence or perfect such pledge and security interest. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence of a Default, shall be disbursed by the Bondowner Representative in the same manner as disbursements under the Indenture before any further disbursements from the Project Fund shall be made by the Bondowner Representative. Notwithstanding the above, in the event amounts deposited hereunder are

actually in excess of the amount necessary to achieve Completion, such excess amounts shall be returned to the Borrower.

Section 5.10 Laborers, Subcontractors and Materialmen. The Borrower will furnish to the Issuer or the Bondowner Representative, upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the Bondowner Representative, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the Bondowner Representative, at any time and from time to time upon reasonable request by the Bondowner Representative, lien waivers bearing a then current date and prepared on a form satisfactory to the Bondowner Representative from the Contractor and such subcontractors or materialman as the Issuer or the Bondowner Representative may designate.

Section 5.11 Further Assurance of Title. If at any time the Bondowner Representative has reason to believe that any disbursement from the Project Fund is not secured or will or may not be secured by the Mortgage as a first priority mortgage lien and security interest on the Property, then the Borrower shall, within ten (10) days after written notice from the Bondowner Representative, do all things and matters necessary, to assure to the satisfaction of the Bondowner Representative that any disbursement from the Project Fund previously made hereunder or to be made hereunder is secured or will be secured by the Mortgage as a first priority mortgage lien and security interest on the Property, and the Bondowner Representative, at its option, may decline to approve any further Requisitions until the Bondowner Representative has received such assurance. Nothing in this Section shall limit the right of the Bondowner Representative, at the Borrower's expense, to order searches of title from time to time and to require bringdowns or endorsements extending the effective date of the Title Policy in connection with the making of advances as herein set forth.

Section 5.12 Publicity. The Borrower will permit the Bondowner Representative to obtain publicity in connection with the acquisition, rehabilitation and equipping of the Improvements through press releases and participation in such events as ground breaking and opening ceremonies and placement of signs on the Land.

Section 5.13 Further Assurances.

(a) Regarding Rehabilitation. The Borrower will furnish or cause to be furnished to the Bondowner Representative all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, title and other insurance, reports and agreements and each and every other document and instrument required to be furnished by the terms of this Loan Agreement or the other Loan Documents, all at the Borrower's expense.

(b) Regarding Preservation of Collateral. The Borrower will execute and deliver to the Issuer and the Bondowner Representative such further documents, instruments, assignments and other writings, and will do such other acts necessary or desirable, to preserve and protect the collateral at any time securing or intended to secure the obligations of the Borrower under the Loan Documents, as the Bondowner Representative may require.

(c) Regarding this Loan Agreement. The Borrower will cooperate with, and will do such further acts and execute such further instruments and documents as the Issuer and the Bondowner Representative shall reasonably request to carry out to their satisfaction the transactions contemplated by this Loan Agreement and the other Loan Documents.

(d) **Bank of Account.** Prior to the Conversion Date, the Borrower will utilize Bank as its principal bank of account; including all construction disbursement, operating accounts and reserve accounts. From and after the Conversion Date, the Borrower will utilize a financial institution approved by CCRC as its principal bank of account; including all operating accounts and reserve accounts.

Section 5.14 Notices. The Borrower will promptly notify the Issuer and the Bondowner Representative in writing of (i) the occurrence of any Default or Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute a Default or Event of Default; (ii) the Borrower's receipt of notice from any Governmental Authority of any alleged violation of environmental laws or regulations or other Legal Requirements; (iii) any labor problems with respect to the Borrower or the Project; (iv) the occurrence of any other event which would have a material adverse effect on the Project or the business or financial condition of the Borrower; or (v) the receipt by the Borrower of any notice of default or notice of termination with respect to any contract or agreement relating to the ownership, rehabilitation, equipping, operation, or use of the Project.

Section 5.15 Solvency; Adequate Capital. The Borrower will:

(a) Remain solvent and pay all of its indebtedness from its assets as the same become due; and

(b) Maintain adequate capital for the normal obligations reasonably foreseeable for a business of its size and character and in light of its contemplated business operations.

Section 5.16 Management Contract.

(a) At all times during the term of this Loan Agreement, the Project shall be managed pursuant to a management contract with the Manager, which contract shall be terminable with or without cause by the Borrower or its successors as owners of the Project and shall otherwise be in form and substance satisfactory to the Bondowner Representative. The Borrower acknowledges that the Issuer and the Bondowner Representative will rely on the Manager's experience in operating properties such as the Project as a means of maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company:

(i) the Manager or holder of the stock or partnership interest therein, shall be a Person whose character, financial strength, stability and experience is acceptable to the Bondowner Representative and who shall have experience managing properties of a type and size reasonably similar to the Project;

(ii) the Manager shall deliver all organizational documentation and other materials evidencing its experience acceptable to the Bondowner Representative; and

(iii) the Borrower shall enter and cause the Manager to enter into the Assignment and Subordination of Management Agreement, dated as of October 1, 2017 by the Borrower and the Manager in favor of the Issuer.

(b) The Borrower shall, from time to time, obtain from the Manager such certificates of estoppel with respect to compliance by the Borrower with the terms of the management contract as may be requested by the Bondowner Representative.

(c) The Project will be managed by the Manager pursuant to the Management Agreement. The Borrower acknowledges and agrees that Bondowner Representative, as mortgagee under the Mortgage, is and shall be a third-party beneficiary of the Management Agreement and any replacement management agreement. Any amendment to the Management Agreement or delivery of a replacement management agreement must be approved in writing by the Bondowner Representative.

Section 5.17 Negative Covenants of the Borrower. The Borrower covenants and agrees that, so long as the Loan is outstanding:

(a) **Restrictions on Easements and Covenants.** Except for Permitted Encumbrances and matters permitted by Section 5.17(d), the Borrower will not create or suffer to be created or to exist any easement, right of way, restriction, covenant, condition, license or other right in favor of any Person which affects or might affect title to the Project or the use and occupancy of the Project or any part thereof without obtaining the prior written consent of the Bondowner Representative, which shall not be unreasonably withheld or delayed so long as the proposed action is necessary for the operation of the Project for the purposes contemplated hereby and the proposed action does not materially impair the validity or priority of the lien of the Mortgage.

(b) **No Amendments, Terminations or Waivers.** Neither the Borrower nor the General Partner shall amend, supplement terminate or otherwise modify or waive any provision of its Organizational Documents, [the documents evidencing the Subordinate Loans] or any documents relating to the contribution of equity by the partners of the Borrower [in a manner that would have a material adverse effect on the Issuer or the Owners] without obtaining the prior written consent of the Bondowner Representative.

(c) **Restrictions on Indebtedness.** Without obtaining the prior written consent of the Bondowner Representative, the Borrower will not create, incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any Indebtedness other than:

(i) Indebtedness arising under the Loan Documents;

(ii) Indebtedness arising in connection with the Subordinate Loans;

(iii) current liabilities of the Borrower relating to the Project, incurred in the ordinary course of business but not incurred through (A) the borrowing of money, or (B) the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services; and

(iv) Indebtedness relating to the Project, in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies to the extent that payment therefor shall not at the time be required to be made.

(d) **Restrictions on Liens** The Borrower shall not subject the Project, or permit the Project to be subjected, to any Lien or encumbrance except as permitted pursuant to Article 6 of the Mortgage.

(e) Transfers. The Borrower shall not transfer the Project or any interest in the Project, in the Borrower or in any partner of the Borrower, or permit any such transfer, except (i) as permitted pursuant to Article 6 of the Mortgage, or (ii) as permitted pursuant to the Construction Disbursement Agreement, or (iii) as permitted pursuant to the Supplemental Agreement.

(f) Merger, Consolidation, Conversion and Disposition of Assets

(i) The Borrower will not become a party to any merger or consolidation, or agree to or effect any asset acquisition or stock acquisition.

(ii) The Borrower will not convert into any other type of entity.

(iii) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceedings.

(g) Sale and Leaseback. The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred.

(h) Preservation of Tax Exemption. The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Section 5.18 Arbitrage and Tax Matters.

(a) The Borrower hereby represents, warrants and agrees that all certifications and representations of fact made by the Borrower in the Tax Certificate are true, accurate and complete in all material respects of the date on which executed and delivered.

(b) The Borrower covenants not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, and the Borrower certifies and covenants to and for the benefit of the Issuer and the Owners of the that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. In furtherance of the foregoing, the Borrower covenants to comply with the terms and conditions of Tax Certificate and to pay when due any amount required to be paid to the United States in accordance with Tax Certificate, the Regulatory Agreements and this Loan Agreement.

(c) At any time when any amount required to be paid under Section 148(f) of the Code (the "Rebate Regulations") is due, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Within sixty (60) days after the Bonds have been paid in full, the Borrower shall pay to the United State on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations.

Each such payment shall be made to such location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other appropriate information reporting form) prepared by the Borrower. No later than fifteen (15) days prior to each date on which a payment could become due under the Rebate Regulations ("Rebate Payment Date"), the Borrower shall deliver to the Issuer and the Bondowner Representative a certificate of a Rebate Analyst either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid, if the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an Authorized Issuer Representative, and shall include a certification by the Borrower that the Form 8038-T is accurate and complete, and (B) no later than ten (10) days after the Rebate Payment Date, the Borrower shall furnish to the Issuer and the Bondowner Representative a certificate state that such amount has been timely paid. This Section 5.18(c) shall be construed so as to cause compliance with the Rebate Regulations. The Borrower covenants that all action taken under this Section 5.18(c) shall be taken in a manner that complies with the Rebate Regulations and that it shall neither take any action nor omit to take any action that would cause the Bonds to be "arbitrage bonds" by reason of the failure to comply with the Rebate Regulations. To the extent that any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any correction amount, interest, penalty or other amount necessary to prevent the Bonds from becoming "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower covenants that, to the extent necessary, it shall obtain the advice and assistance of a Rebate Analyst to aid it in complying with the Rebate Regulations.

Section 5.19 Indemnification.

(a) The Borrower hereby releases the Issuer and the Bondowner Representative (including any Person at any time serving as a supervisor, employee, officer, official or agent of any thereof) from and agrees that the Issuer and the Bondowner Representative (including any Person at any time serving as a supervisor, employee, officer, official or agent of any thereof) shall not be liable for, and to the maximum extent permitted by law, agrees to indemnify and hold the Issuer and the Bondowner Representative (including any Person at any time serving as a supervisor, employee, officer, official or agent of any thereof) harmless from: (i) any liability for any loss or damage to property or any injury to, or death of, any Person that may be occasioned by any cause whatsoever pertaining to the Project, (ii) any liabilities, losses or damages, or claims therefor, and expenses (including reasonable attorneys' fees actually incurred), arising out of or in connection with any Loan Document or any of the transactions contemplated hereby or thereby or failure on the part of the Borrower to comply with any law, regulation or ordinance affecting the Project and (iii) any liabilities, losses or damages, or claims therefor, arising out of or in connection with the issuance, sale and public or other offering or remarketing of the Bonds, including, in each such case, reasonable attorneys' fees actually incurred, except for any such liabilities, losses or damages, or claims therefor resulting from information provided by the Issuer or the Bondowner Representative, as the case may be, in connection with the issuance, sale and public or other offering or remarketing of the Bonds which proves to have been materially incorrect or misleading when provided or any act of negligence or willful misconduct by such Person. If any such claim is asserted, any Person indemnified herein will give prompt notice to the Borrower and will cooperate with the Borrower in the investigation and defense of any such claim, and the Borrower will assume the defense thereof by engaging counsel approved by the indemnified party (which approval shall not be unreasonably withheld). In the event the indemnified party reasonably determines that there exists a conflict of interest between counsel's representation of the Borrower and its own representation in any such action or proceedings, the indemnified party shall have the right to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses

actually incurred by such separate counsel. During the pendency of litigation with respect to any claim which would have a material adverse effect on the financial condition of the Borrower or the Project. Borrower shall at its cost post such bond or other security as the Issuer or the Bondowner Representative or any individual indemnified hereunder may reasonably require with respect to any such claim. This indemnification covenant shall survive repayment of the Loan and the Bonds and the termination of this Loan Agreement and the Indenture.

(b) The Borrower agrees to indemnify and hold harmless the Issuer and the Bondowner Representative from and against any and all claims, actions and suits, and from and against any and all liabilities, losses, damages and expenses of every nature and character arising out of this Loan Agreement or any of the other Loan Documents or the transactions contemplated hereby and thereby including, without limitation, (i) any brokerage, leasing, finder's or similar fees, (ii) any disbursement of the proceeds of any of the Bonds, (iii) any condition of the Project whether related to the quality of construction or rehabilitation or otherwise, (iv) any actual or proposed use by the Borrower of the proceeds of the Bonds, (v) any actual or alleged violation of any Legal Requirements or Project Approvals, or (vi) any Obligor's entering into or performing this Loan Agreement or any of the other Loan Documents, in each case including reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding except for any act of negligence or willful misconduct by the Person. In litigation, or the preparation therefor, the Issuer or the Bondowner Representative shall be entitled to select its own counsel and, in addition to the foregoing indemnity, the Borrower agrees to pay promptly the reasonable actually incurred fees and expenses of such counsel. The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement and the Indenture and the repayment of the Loan and the Bonds. If, and to the extent that the obligations of the Borrower under this Section are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law.

Section 5.20 Agreements Between Borrower and its Affiliates. Except for the Development Agreement, the Purchase Option Agreement, the Partnership Management Agreement and the Right of First Refusal Agreement, all as referenced in the Partnership Agreement, the Borrower shall not enter into any agreement, written or otherwise, directly or indirectly relating to the Project with an Affiliate of the Borrower without the prior written consent of the Bondowner Representative.

Section 5.21 Sale of Bonds and Securitization.

(a) At the request of the Bondowner Representative, the Borrower shall take such actions and execute and deliver such documents and data as may be reasonably necessary or appropriate in connection with the sale of the Bonds or participation therein or any securitization (such sale and/or securitization, the "Securitization") of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in the Bonds. Without limiting the generality of the foregoing, the Borrower shall:

(i) provide financial and other information with respect to the Project, the Borrower and its Affiliates, the manager and any tenants of the Project and provide business plans and budgets relating to the Project;

(ii) perform or permit or cause to be performed or permitted such site inspection, appraisals, market studies, environmental reviews and reports (Phase I and, if appropriate, Phase II), engineering reports and other due diligence investigations of the Project, as may be reasonably requested by the Bondowner Representative or the Rating Agency or as may be necessary or appropriate in connection with the

Securitization (the items provided to the Bondowner Representative pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Bondowner Representative and the Rating Agencies;

(iii) cause counsel to render opinions as to non-consolidation, fraudulent conveyance, true sale and true contribution and any other opinion customary in securitization transactions with respect to the Project, the Borrower and its Affiliates, which counsel and opinions shall be satisfactory to the Bondowner Representative and the Rating Agencies;

(iv) make such representations and warranties as of the closing date of the Securitization with respect to the Project, the Borrower and the Loan Documents as are customarily provided in securitization transactions and as may be reasonably requested by the Bondowner Representative or the Rating Agencies and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Loan Documents;

(v) provide current certificates of existence with respect to the Borrower from appropriate Governmental Authorities; and

(vi) execute such amendments to the Loan Documents and the Organizational Documents of the Borrower as may be requested by the Bondowner Representative or the Rating Agencies or otherwise to effect the Securitization.

(b) All reasonable third party costs and expenses incurred by the Borrower solely in connection with the Borrower's complying with requests made under this Section 5.21 shall promptly be paid or caused to be paid by the Bondowner Representative. The Borrower shall not be liable for third party costs or expenses incurred by the Bondowner Representative in connection with the Securitization.

(c) The Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a prospectus or private placement memorandum (each, a "Disclosure Document") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, the Borrower shall cooperate with the Bondowner Representative in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information pertaining to the Borrower and the Project necessary to keep the Disclosure Document accurate and complete in all material respects with respect to such matters.

(d) In connection with a preliminary and a final private placement memorandum or prospectus, as applicable, the Borrower agrees if requested by the Bondowner Representative, to certify in writing that the Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, pertaining to the Borrower and the Project and such sections (and any other sections reasonably requested and pertaining to Borrower and the Project) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.

(e) The Borrower's liability under this Section 5.21 shall be limited to liabilities arising out of or based upon any such material untrue statement or omission made with knowledge thereof and made therein in reliance upon and in conformity with information furnished to the Bondowner Representative by or on behalf of the Borrower in connection with the preparation of those portions of the Disclosure Document pertaining to the Borrower or the Project or in connection with the underwriting of the debt, including financial statements of the Borrower, operating statements, rent rolls, environmental site assessment reports and property condition reports with respect to the Project.

Section 5.22 Funds. The Bondowner Representative shall establish and maintain, and the Borrower acknowledges the creation of, a Replacement Reserve Fund and an Operating Reserve Fund. The Replacement Reserve Fund and the Operating Reserve Fund shall be funded, and moneys therein shall be disbursed, in accordance with the provisions of this Section 5.22.

(a) On or before December 1 of each year, the Borrower shall submit to the Bondowner Representative for approval the Proposed Budget to be effective for the next following year. The Bondowner Representative shall have the right to approve or disapprove any Proposed Budget or any line-item contained in such Proposed Budget. If any Proposed Budget is not approved by the Bondowner Representative within thirty (30) days following submission by the Borrower, such Proposed Budget shall be deemed disapproved. If any line-item or Proposed Budget is disapproved, the Borrower shall thereafter consult for an additional thirty (30) days with the Bondowner Representative in an effort to achieve mutually acceptable Approved Budget. To the extent that the Proposed Budget is disapproved, the Approved Budget for the previous year shall remain in effect, increased by 5% over the previous year (except for costs of utilities, real estate taxes and assessments and insurance and other third-party costs or cost associated with remediation of emergency conditions which shall be permitted variances to the Proposed Budget) until the parties resolve their differences. In addition to, and not in limitation of the foregoing, each Approved Budget may be revised from time to time with prior written consent of the Bondowner Representative to reflect changes to items set forth in the then-current Approved Budget.

(b) Each Proposed Budget:

(i) shall be prepared on the basis of sound accounting practices consistently applied;

(ii) shall reflect the projected gross revenues and operating expenses regarding the Project;

(iii) shall reflect all projected Capital Expenditures which are reasonably expected to be made in connection with the Project during the year covered by such Proposed Budget; and

(iv) shall contain such other information as reasonably may be requested by the Bondowner Representative.

(c) On each Interest Payment Date beginning with the first month after the Conversion Date, the Borrower shall deposit an amount equal to one-twelfth (1/12) of the Replacement Reserve Amount in the Replacement Reserve Fund.

(d) Except as otherwise provided in this Section, before the Bondowner Representative shall authorize the disbursement of any amounts from the Replacement Reserve Fund, the Borrower shall submit the following items to the Bondowner Representative for its review and approval:

(i) a requisition from the Borrower stating that no Event of Default exists and requesting the Bondowner Representative to approve a disbursement;

(ii) the identity of all general contractors, architects, engineers and other professionals, if any, engaged in connection with the proposed capital expenditures along with copies of the contracts entered into between the Borrower and such entities;

(iii) copies of the plans and specifications for the work to be done, if required or produced in connection with the work contemplated;

(iv) if requested by the Bondowner Representative, evidence of compliance with all applicable Legal Requirements;

(v) if requested by the Bondowner Representative in connection with rehabilitation work in excess of \$10,000, evidence of builders' risk insurance along with workers' compensation and public liability insurance in such amounts and in such form as the Bondowner Representative may reasonably require;

(vi) if requested by the Bondowner Representative in connection with rehabilitation work in excess of \$10,000, evidence that the Consulting Engineer shall have inspected and approved of the work performed to date;

(vii) copies of bills or invoices documenting the proposed expenditure (with paid receipts or other evidence of payment for such Capital Expenditures to be provided to the Bondowner Representative before the next requested requisition and in any event within ten (10) days of disbursement to the Borrower of the requested payment); and

(viii) evidence that the general contractor has delivered and filed effective mechanics lien waivers prior to the commencement of work or, if such waivers were not delivered and filed, a release of liens in connection with all work performed, which releases may be conditioned upon payment to the general contractor provided that the general contractor delivers unconditional releases within thirty (30) days of receipt of such payment.

(e) Provided the conditions set forth in Section 5.22(d) have been satisfied (or waived in writing by the Bondowner Representative), the Bondowner Representative shall authorize the disbursement from the Replacement Reserve Fund of the amount requested by the Borrower in its requisition, or such lesser amount approved by the Consulting Engineer, to the Borrower. It shall be a condition to all withdrawals from the Replacement Reserve Fund that (i) all work shall be performed in a good and workmanlike manner and in compliance with all applicable Legal Requirements, (ii) the Bondowner Representative shall have reviewed and approved each of the foregoing requirements, (iii) the work to be performed is consistent with the Approved Budget or the recommendations of the Consulting Engineer, and (iv) sufficient amounts are on deposit in the Replacement Reserve Fund to pay the amount requisitioned.

(f) For any single Capital Expenditure (not part of, or related to, a sequence or a series of Capital Expenditures or a particular capital improvement plan or project) costing less than Five Thousand Dollars (\$5,000.00) and whether or not described in the Approved Budget, the Borrower, upon completion of the work, shall deliver to the Bondowner Representative evidence reasonably satisfactory to the Bondowner Representative of such completion and shall deliver to the Bondowner Representative invoices for such work, and, for all of such subsequent disbursements from the Replacement Reserve Fund, the Borrower shall deliver evidence of payment in full for all invoices pertaining to the previous disbursement from the Replacement Reserve Fund, whereupon the Bondowner Representative shall authorize reimbursement of the cost of the Capital Expenditure from the Replacement Reserve Fund to the Borrower or, at the Bondowner Representative's option, to the contractors to whom such funds are owed.

(g) For any Capital Expenditure (not part of or related to a sequence or series of Capital Expenditures) costing Five Thousand Dollars (\$5,000.00) or more which is to be paid from the Replacement Reserve Fund, before entering into any contracts in connection with such Capital Expenditure (whether or not the Capital Expenditure was described in the Approved Budget), the Borrower shall submit to the Bondowner Representative for its prior review and approval (which shall not be unreasonably withheld or delayed) copies of the proposed contracts to be entered into with respect to such Capital Expenditure and copies of the proposed plans and specifications for the Capital Expenditure. Once the Capital Expenditure is approved in advance by the Bondowner Representative, the provisions of Section 5.22(d) shall apply. Upon completion of such work, the Borrower shall deliver to the Bondowner Representative evidence reasonably satisfactory to the Bondowner Representative of such completion and shall deliver to the Bondowner Representative invoices for such work and, for all of such subsequent disbursements from the Replacement Reserve Fund, the Borrower shall deliver evidence of payment in full for all invoices pertaining to the previous disbursement from the Replacement Reserve Fund, whereupon the Bondowner Representative shall authorize reimbursement of the cost of the Capital Expenditure from the Replacement Reserve Fund to the Borrower, or, at the Bondowner Representative's option, the contractors to whom such costs are owed.

(h) Borrower shall provide to the Bondowner Representative, promptly following the Borrower's receipt thereof, copies of all bills received by the Borrower for real property taxes for the Property and for the premiums on the insurance policies required to be maintained pursuant to the loan documents. On each Interest Payment Date, beginning with the first month after the Stabilization Date, the Borrower shall deposit funds into the Tax and Insurance Fund in an amount equal to one-twelfth (1/12) of the amount required to be payable during the current year for real estate taxes and insurance premiums with respect to the Project, as indicated by the current bills. If, one month prior to the due date of any aforementioned obligations, the amounts then on deposit shall be insufficient for the payment of such obligation in full, the Borrower shall deposit with the Bondowner Representative the amount of the deficiency within ten (10) days after demand from the Bondowner Representative. Amounts held in the Tax and Insurance Fund shall be applied by the Bondowner Representative to the payment of real estate taxes and insurance premiums on or before the respective dates on which the same or any of them would become delinquent.

(i) On or before the Conversion Date, the Borrower shall deposit _____ Dollars (\$_____) in its own funds into the Operating Reserve Fund.]

[On each _____. The Borrower shall deposit, [to the extent available from Net Operating Revenues,] [from its own funds,] up to _____ Dollars (\$_____) into the Operating Reserve Fund [until the balance in the Operating Reserve Fund is _____ Dollars (\$_____).] Moneys in the Operating Reserve Fund shall be disbursed only upon the authorization of the Bondowner Representative. To the extent that Project Revenues are insufficient to pay Operating Expenses and/or the amount necessary to pay principal and interest on the Bonds as required pursuant to Section 3.2, the Borrower may make written request to the Bondowner Representative for disbursement of amounts in the Operating Reserve Fund for payment of such Operating Expenses and debt service on the Bonds. Following receipt of any such request, the Bondowner Representative may authorize the disbursement of such sums from the Operating Reserve Fund as it shall have approved from time to time. [If moneys are disbursed from the Operating Reserve Fund, the Borrower shall, from time to time, deposit into the Operating Reserve Fund any Net Operating Income that it realizes until the amount so deposited is equal to the aggregate amounts so disbursed.]

Section 5.23 Covenants Regarding Tax Credits. The Borrower hereby agrees to comply with all of the following covenants (each, a "Tax Credit Covenant"):

(a) To observe and perform all obligations imposed on the Borrower in connection with the Tax Credits, including the obligation to have the Project "placed in service" (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the residential units of the Project, and to use the Borrower's best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(b) To preserve at all times the allocation and availability of the Tax Credits;

(c) Not to release, forego, alter, amend, or modify its rights to the Tax Credits without the Bondowner Representative's prior written consent, which the Bondowner Representative may give or withhold in the Bondowner Representative's reasonable discretion;

(d) Not to execute any residential lease of all or any portion of the Project which does not comply fully with all requirements, statutes, and regulations governing the Tax Credits, without the Bondowner Representative's prior written consent, which the Bondowner Representative may give or withhold in the Bondowner Representative's sole and absolute discretion;

(e) To cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Project;

(f) To comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal regulations (the "Federal Laws") and all laws and regulations of the State (the "State Laws") applicable to the creation, maintenance and continued availability of the Tax Credits;

(g) To certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement

in service and any other information required for the Tax Credits at such time periods as required by Federal Laws or State Laws for such Tax Credits;

(h) To set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the county in which the Project is located to qualify for the Tax Credits (as determined pursuant to Section 42 of the Code and/or State Laws), adjusted for family size, and to operate and maintain all such units as "low-income units" qualifying for the Tax Credits under Section 42(i)(3) of the Code and/or State Laws;

(i) To exercise good faith in all activities relating to the operation and maintenance of the Project in accordance with the requirement of Federal Laws and State Laws; and

(j) To promptly deliver to the Bondowner Representative true and correct copies of all notices or other documents or communications received or given by the Borrower with regard to or relating in any way to the Borrower's partnership interests and/or the Tax Credits. Immediately upon receipt thereof, the Borrower shall deliver to the Bondowner Representative a copy of (i) the fully-executed allocation and final reservation of Tax Credits for the Project; (ii) the basis audit (as required by Section 42 of the Code) for the Project (including a certificate of the Borrower's accountant or attorneys if requested by the Bondowner Representative); (iii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Borrower's obtaining Tax Credits, and (iv) the fully-completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the Bondowner Representative such other certificates, income certificates, reports and information as the Bondowner Representative may request.

The Borrower understands and acknowledges that the Bank is purchasing the Bonds based, in part, upon the value of the Tax Credits, and the Tax Credits, directly or indirectly, constitute part of Bondowner Representative's security on behalf of the Owners of the Bonds, for the obligations of the Borrower in connection with the Loan. The Borrower agrees to indemnify, defend, and hold the Bondowner Representative and the Owners harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the Borrower's failure to comply with one or more Tax Credit Covenants, excepting those arising out of, or resulting, solely from the gross negligence or willful misconduct of the Bondowner Representative.

Section 5.24 Leasing. (a) The Bondowner Representative (and all other parties whose approval is required) must approve the Borrower's standard form of residential lease or rental agreement prior to its use by the Borrower. The Borrower may not materially modify the approved standard form of residential lease without the Bondowner Representative's prior written consent in each instance (which consent shall not be unreasonably withheld), together with the approval of all other parties whose consent is required. Each lease, other than leases on the Borrower's standard form of residential lease, of any part of the Project is subject to the Bondowner Representative's written approval as to form and substance prior to execution and delivery. Despite the foregoing, the Borrower may enter into residential leases (and amendments) in the ordinary course of business with bona fide third party tenants without the Bondowner Representative's prior written consent if the Borrower uses the approved standard form of residential lease and:

(i) Within fifteen (15) days after the Bondowner Representative's written request therefor, the Bondowner Representative receives a copy of the executed lease (accompanied by all financial information and certificates obtained by the Borrower pertaining to the tenant);

(ii) The Borrower, acting in good faith and exercising due diligence, has determined that the tenant qualifies as a low-income family for purposes of meeting the requirements for obtaining Tax Credits;

(iii) The lease meets the standards required by Section 42 of the Code;

(iv) The lease meets the requirements of the Bondowner Representative and the Investor Limited Partner;

(v) The lease reflects an arm's-length transaction and, so long as the Construction Disbursement Agreement is in effect, conforms to the projections of the Pro Forma Schedule attached thereto;

(vi) The lease does not affect more than one (1) residential unit within the Improvements and is for a minimum term of six (6) months and a maximum term of twelve (12) months, unless otherwise agreed in writing by the Bondowner Representative; and

(vii) So long as the Construction Disbursement Agreement is in effect, the lease, together with all leases previously executed, does not cause the Loan to become "out of balance" as that term is defined in Section 1.2(a) of the Construction Disbursement Agreement. The Borrower acknowledges that the Loan may become "out of balance" if the landlord's aggregate economic obligations under the leases exceed, or the Net Operating Income from the Project fails to meet, the Borrower's projections for such obligations, thereby increasing the cost or decreasing the value of the Project.

(b) The Bondowner Representative in the exercise of its sole discretion may consider any executed lease it receives to be unsatisfactory if the lease fails to meet any of the requirements of this Agreement. If this happens, or if the Borrower at any time fails to submit any executed lease (and accompanying information) at the time required by this Section, or if any Event of Default has occurred and is continuing, the Bondowner Representative may make written demand on the Borrower to submit all future leases for the Bondowner Representative's approval prior to execution. The Borrower must comply with any such demand by the Bondowner Representative.

(c) The Bondowner Representative's approval of any lease is for the sole purpose of protecting the Bondowner Representative's security and preserving the Bondowner Representative's rights under the Loan Documents. No approval by the Bondowner Representative will result in a waiver of any default of the Borrower. In no event will the Bondowner Representative's approval of any lease be a representation of any kind with regard to the lease, its enforceability or the financial capacity of any tenant or guarantor.

(d) The Borrower must perform all obligations required to be performed by it as landlord under any lease affecting any part of the Land or any space within the Improvements.

Section 5.25 Compliance with Anti-Terrorism Regulations.

(a) None of the Related Persons will be included in, owned by, Controlled by, act for or on behalf of, provide assistance, support, sponsorship, or services of any kind to, or otherwise associate with any of the Persons referred to or described in any list of persons, entities, and governments issued by OFAC pursuant to Executive Order 13224 or any other OFAC List.

(b) Borrower will comply at all times with the requirements of Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56 (the "PATRIOT Act"); the Iraqi Sanctions Act, Pub. L. 101-513, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa 9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597; the Bank Secrecy Act, Pub. L. 91-508, 84 Stat. 1114, 1118; the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et seq.; the laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957 and any similar laws or regulations currently in force or hereafter enacted (collectively, the "Anti-Terrorism Regulations").

(c) If Borrower becomes aware or receives any notice that any of the Related Persons are named on any of the OFAC Lists (such occurrence, an "OFAC Violation"), Borrower will immediately (i) give notice to the Issuer and the Bondowner Representative of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to the Bondowner Representative's taking any and all steps the Bondowner Representative deems necessary, in the sole discretion of the Bondowner Representative, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the "freezing" and/or "blocking" of assets).

(d) Upon Issuer or Bondowner Representative's request from time to time during the term of the Loan, Borrower agrees deliver a certification confirming that the representations and warranties set forth in this Agreement remain true and correct as of the date of such certificate and confirming Borrower's compliance with this Section. Borrower also agrees to cooperate with each of Issuer and Bondowner Representative, and to cause each Related Person to cooperate with Issuer and Bondowner Representative, in providing such additional information and documentation on Borrower's and such Related Person's legal or beneficial ownership, policies, procedures and sources of funds as Issuer and Bondowner Representative deem necessary or prudent to enable each of them to comply with the Anti-Terrorism Regulations as now in existence or hereafter amended. From time to time upon the written request of Issuer or Bondowner Representative, Borrower shall deliver to the requesting party a schedule of the name, legal domicile, address and jurisdiction of organization, if applicable, for each Related Party and each holder of a legal interest in any Borrower.

Section 5.26 Supplemental Agreement. From and after the Conversion Date, (i) the Supplemental Agreement shall automatically be deemed an amendment to this Loan Agreement, and (ii) to the extent of any conflict between the provisions of this Loan Agreement

and the Supplemental Agreement, the terms set forth in the Supplemental Agreement shall prevail.

ARTICLE VI

OPTION AND OBLIGATIONS OF BORROWER TO PREPAY

Section 6.1 Optional Prepayment.

(a) The Note is subject to optional prepayments as expressly set forth in the Note. If Borrower elects to make an optional prepayment of the Note by delivering written notice to Bondowner Representative in accordance with the Note, Borrower must do so in accordance with the terms and conditions set forth for any prepayment set forth in the Note and shall pay any Prepayment Fees required under the Note.

(b) To effect prepayment of the Note and redemption of the Bonds as contemplated in subparagraph (a) above, the Borrower shall deliver to the Bondowner Representative, not less than ninety (90) days prior to the date on which Bonds are subject to redemption under said Section, a written certificate of the Borrower stating that the Borrower is prepaying the Note pursuant to this Section 6.1. The certificate from the Borrower shall certify the following: (i) the principal amount of the Note to be prepaid, (ii) that the amount to be prepaid on the Note shall be credited to redemption of the Bonds pursuant to Section 4.01 of the Indenture, (iii) the date for redemption of the Bonds, (iv) any conditions to such prepayment.

(c) The options granted to the Borrower in this Section 6.1 shall be exercisable only (i) in the event and to the extent the Loan is subject to prepayment in accordance with the Note and (ii) if no Event of Default under any of the Loan Documents shall have occurred and be then continuing or if all costs associated with any existing Event of Default (including, without limitation, late fees, penalties, costs of enforcement, protective advances and interest on such amounts) which are then due and owing under the Loan Documents are paid in full in connection with such prepayment.

Section 6.2 Mandatory Prepayment. The Loan and amounts due under Section 3.2(a) hereof shall be prepaid in whole or in part in order to effect the mandatory redemption of the Bonds at the times and in the amounts specified in the Note.

Section 6.3 Amounts Required for Prepayment. Any prepayment made pursuant to Section 6.1 or 6.2 hereof shall be applied to redeem or prepay Bonds in accordance with the Indenture, this Loan Agreement and the other Loan Documents. No prepayment or investment of the proceeds thereof shall be made which shall cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 6.4 Cancellation at Expiration of Term. At the acceleration, termination or expiration of the term of this Loan Agreement and following full payment of the Bonds or provision for payment thereof in accordance with Article X of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement and the Indenture, the Bondowner Representative shall deliver to the Borrower any documents and take or cause the Issuer to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Loan Agreement and the Loan Documents (other than the Regulatory Agreements, which shall not terminate except in accordance with the terms thereof).

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. The following shall be “Events of Default” under this Loan Agreement, and the term “Event of Default” shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts required to be paid on the Note or under Section 3.2 (a) or (b) hereof when due;

(b) Any failure by the Borrower to pay as and when due and payable any other sums to be paid by the Borrower under this Loan Agreement and the continuation of such failure for a period of five (5) days after the same are due; or

(c) Any failure of any representation or warranty made in this Loan Agreement, the Construction Disbursement Agreement or any Requisition to be true and correct; or

(d) Any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, other than as referred to in subsections (a) or (b) of this Section 7.1, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Borrower by the Issuer or the Bondowner Representative; provided, however, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 30 day period, the same shall not constitute an Event of Default hereunder if corrective action is instituted by the Borrower or on behalf of the Borrower within said 30 day period and is diligently pursued to completion thereafter (unless, in the opinion of Bond Counsel delivered to the Bondowner Representative, failure to correct such breach or failure within the cure period herein provided (or such shorter time as shall be established as a limitation on the period of time during which correction may be pursued) will adversely affect the exclusion from gross income of interest on the Bonds for federal income taxation purposes or violate State law, in which case the extension of cure period herein provided will not be available); or

(e) Any Event of Default (as defined or otherwise set forth in the Indenture or any of the Loan Documents, the General Partner Documents or the Guarantor Documents) shall have occurred and shall remain uncured beyond any applicable cure period provided in the applicable document; or

(f) Any dissolution, termination, partial or complete liquidation, merger or consolidation of any Obligor or the General Partner of Borrower, or any sale, transfer or other disposition of the Project or of all or substantially all of the assets of Borrower; or

(g) Any failure by the Borrower to obtain any Project Approvals as required in order to proceed with the rehabilitation of the Project so as to complete the same by the Completion Deadline, or the revocation or other invalidation of any Project Approvals previously obtained; or

(h) Any change in the legal or beneficial ownership of the Borrower or the General Partner other than as expressly permitted by the terms hereof or by reason of the death of the owner of such interests; or

(i) The General Partner ceases for any reason to act in that capacity unless replaced by a transferee permitted pursuant to Section 5.17(e); or

(j) Resources for Community Development ceases for any reason to act in the capacity of sole member of the General Partner and the Borrower fails to deliver to the Bondowner Representative, within thirty (30) days of Borrower's discovery of this occurrence, a plan, reasonably satisfactory to the Bondowner Representative, for the replacement of sole member of the General Partner in such capacity within ninety (90) days; or]

(k) Any failure by the Borrower to pay at maturity, or within any applicable period of grace, any Indebtedness, or any failure to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing any Indebtedness, for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof; or

(l) Any Obligor shall file a voluntary petition in bankruptcy under Title 11 of the United States Code, or an order for relief shall be issued against any such Obligor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or any such Obligor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or such Obligor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of such Obligor, or of all or any substantial part of its respective property, or such Obligor shall make an assignment for the benefit of creditors, or such Obligor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation; or

(m) An involuntary petition in bankruptcy under Title 11 of the United States Code shall be filed against the Borrower or any Obligor and such petition shall not be dismissed within ninety (90) days of the filing thereof; or

(n) A court of competent jurisdiction shall enter any order, judgment or decree approving a petition filed against any Obligor seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or appointing any custodian, trustee, receiver, conservator or liquidator of all or any substantial part of its property; or

(o) Any of the events described in Section 7.1(k), (l) or (m) occurs with respect to the Investor Limited Partner prior to funding by the Investor Limited Partner of all of the capital contributions required in order to avoid the occurrence of an Event of Default pursuant to Section 7.1(v); or

(p) Any uninsured final judgment in excess of \$25,000 shall be rendered against the Borrower and shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive; or

(q) Any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written consent of

the Bondowner Representative, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents, the General Partner Documents or the Guarantor Documents shall be commenced by or on behalf of any Obligor which is a party thereto, or any of their respective stockholders, partners or beneficiaries, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents, the General Partner Documents or the Guarantor Documents is illegal, invalid or unenforceable in accordance with the terms thereof; or

(r) Any refusal by the Title Insurance Company to insure that any advance is secured by the Mortgage as a valid lien and security interest on the Project and the continuation of such refusal for a period of twenty (20) days after notice thereof by Bondowner Representative to the Borrower; or

(s) Completion shall not have been attained by the Completion Deadline; or

(t) Any cessation at any time in rehabilitation or equipping of the Improvements for more than twenty (20) consecutive days except for strikes, acts of God, fire or other casualty, or other causes entirely beyond the Borrower's control, or any cessation at any time in rehabilitation or equipping of the Improvements for more than sixty (60) consecutive days, regardless of the cause thereof; provided, however, that such cessation may continue for a period of longer than sixty (60) consecutive days with the consent of the Bondowner Representative if the Borrower shall have requested and received the consent of the Bondowner Representative to an extension of the Completion Deadline, in which case it shall not be an Event of Default hereunder unless and until the period of cessation extends beyond the number of days for which the extension was granted; or

(u) Any of the Indenture, this Agreement, a Regulatory Agreement or the Tax Certificate shall be amended in a material manner (including without limitation any "automatic" amendments of a Regulatory Agreement) without the prior written consent of the Bondowner Representative; or

(v) Failure of the Investor Limited Partner to fund its capital contributions to the Borrower in at least the amounts and on or before the deadline dates as set forth in the Construction Disbursement Agreement, or

(w) Any default exists beyond any applicable notice and cure period expressly set forth in any Subordinate Loan Document, or any of the Subordinate Loan Documents is amended, modified, supplemented, or terminated without the express prior written consent of Bondowner Representative.

Section 7.2 Remedies on Default.

(a) Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, any obligation of the Bondowner Representative to approve Requisitions shall be terminated, and the Bondowner Representative (subject to the provisions of the Indenture) shall:

(i) by notice in writing to the Borrower declare the unpaid indebtedness under the Loan Documents to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable; and

(ii) take whatever action at law or in equity or under any of the Loan Documents, the General Partner Documents or the Guarantor Documents, as may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due hereunder or thereunder or under the Note, or to exercise any right or remedy or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Note or any other Loan Document (including without limitation foreclosure of the Mortgage), any General Partner Document or any Guarantor Document (including actions to enforce the Payment Guaranty and/or the Completion Agreement); and

(iii) cause the Project to be completed, rehabilitated and equipped in accordance with the Plans and Specifications, with such changes therein as the Bondowner Representative may, from time to time, and in its sole discretion, deem appropriate.

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the Issuer pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer or the Bondowner Representative and their respective Counsel, be paid to the Bondowner Representative (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrower from the Borrower's obligations pursuant to Section 3.2 hereof.

Section 7.3 No Remedy Exclusive. No remedy conferred herein or in any other Loan Document upon or reserved to 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 Loan 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 Bondowner Representative to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.4 Agreement to Pay Fees and Expenses of Counsel. If an Event of Default shall occur under this Loan Agreement or under any of the other Loan Documents, and the Issuer or the Bondowner Representative should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer or the Bondowner Representative.

Section 7.5 No Additional Waiver Implied by One Waiver; Consents to Waivers. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter 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. No waiver shall be effective unless in writing and signed by the party making the waiver.

Section 7.6 Remedies Subject to Applicable Law. All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not

violate any applicable provisions of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the Land and to be limited to the extent necessary so that they will not render this Loan Agreement invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 7.7 Cure by Investor Limited Partner. The Issuer and the Bondowner Representative hereby agree that cure of any Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.8 Issuer Exercise of Remedies. Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; provided that the Issuer shall not commence or direct the Bondowner Representative to commence any action to declare the outstanding balance of the Bonds or the Loan to be due and the Issuer shall not take any action in respect of Reserved Rights (i) to foreclose to take similar action under the Mortgage or otherwise in respect of any liens upon or security interests in the Project or other property pledged to secure the Borrower's obligations under the Loan Documents, (ii) to appoint a receiver, (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (iv) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 General Provisions. The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

(a) The Issuer and the Bondowner Representative shall, at all times, be free to establish independently to their respective satisfaction and in their respective absolute discretion the existence or nonexistence of any fact or facts the existence of which is a condition of this Loan Agreement or any other Loan Document.

(b) The Bonds and the obligations and undertakings of the Issuer hereunder do not constitute a general obligation of the Issuer or the State or any political subdivision thereof, and recourse on the Bonds and on the instruments and documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the Issuer pursuant to the Reserved Rights). No recourse shall be had for the payment of the principal of or interest on the Bonds, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any supervisor, officer, employee or other elected or appointed official, past, present or future, of the Issuer or any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Issuer or any such supervisor, officer, employee, any other elected or appointed official or trustee as such is hereby expressly waived and released as a

condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bonds and the delivery of other documents in connection herewith. No supervisor, officer, employee or other elected or appointed official past, present or future, of the Issuer or any successor body shall be personally liable on the Issuer Documents, the Bonds or any other documents in connection herewith, nor shall the issuance of the Bonds be considered as misfeasance or malfeasance in office. The Bonds and the undertakings of the Issuer under the Issuer Documents do not constitute a pledge of the general credit or taxing power of the Issuer, the State, or any political subdivision thereof, do not evidence and shall never constitute a debt of the State or any political subdivision thereof (other than the Issuer), and shall never constitute nor give rise to a pecuniary liability of the State or any political subdivision thereof, other than the Issuer and then only to the extent set forth in the Indenture.

Section 8.2 Authorized Borrower Representative. Pursuant to written direction provided on the Closing Date, the Borrower has appointed one or more Authorized Borrower Representatives for the purpose of taking all actions and making all certificates required to be taken and made by the Authorized Borrower Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Borrower Representative, unless otherwise specified in this Loan Agreement, and the Issuer and the Bondowner Representative shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Borrower Representative.

Section 8.3 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Bondowner Representative and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the Issuer has assigned or is assigning its rights under this Loan Agreement to the Bondowner Representative (other than the Reserved Rights), and that, pursuant to the Indenture, the Bondowner Representative will implement certain of the rights and remedies under this Loan Agreement. The Owners of the Bonds shall be express third party beneficiaries of this Loan Agreement, and the Owners and the Bondowner Representative shall have the right to enforce directly against Borrower or other persons the rights and implement the rights and remedies provided to each of them hereunder, but not including the Reserved Rights; provided, however, that the rights of the Owners to bring actions and implement rights and remedies hereunder shall be subject to the same restrictions as are imposed with respect to actions, rights and remedies of the Owners under the Indenture.

Section 8.4 Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that for purposes of perfecting a lien or security interest in this Loan Agreement by the Bondowner Representative, whether under Article 9 of the Uniform Commercial Code of the State or otherwise, only the counterpart delivered to, and received by, the Bondowner Representative shall be deemed the original.

Section 8.5 Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to payment or provision for the payment of the Bonds in full (including interest thereon) in accordance with the provisions of the Indenture and except as otherwise provided herein, the Loan Documents may not be amended, changed, modified, altered or terminated by the Issuer or the Borrower except in compliance with Section 6.03 of the Indenture.

Section 8.6 Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and such invalid or unenforceable provision shall be deemed no longer to be contained in this Loan Agreement.

Section 8.7 Notices. All notices, demands, requests, consents, approvals, certificates or other communications hereunder shall be effective if given in the manner required in Section 11.06 of the Indenture.

Section 8.8 Applicable Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

Section 8.9 Debtor Creditor Relationship. It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

Section 8.10 Usury; Total Interest. This Loan Agreement is subject to the express condition, and it is agreed, that at no time shall payments hereunder, under the Note or under the other Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Loan reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. It is further agreed that the total of amounts paid hereunder as interest on the Loan which is to pay interest on the Bonds, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and non-compounded for each month from such date to the date of calculation (calculated on the basis of a 360-day year of twelve thirty-day months). Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

Section 8.11 Term of this Loan Agreement. This Loan Agreement shall be in full force and effect from its date to and including such date as all of the Bonds issued under the Indenture shall have been fully paid or retired in accordance with their terms and the terms of the Indenture (or provision for such payment shall have been made as provided in the Indenture), except, however, that the covenants and provisions relating to the Reserved Rights of the Issuer and the covenants relating to the preservation of exclusion from gross income of interest on the Bonds for purposes of federal income taxation shall survive the termination hereof.

Section 8.12 [intentionally omitted]

Section 8.13 PATRIOT Act Notice. Bondowner Representative hereby notifies Borrower and Guarantor that, pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower and Guarantor, which information includes the names and addresses of Borrower and Guarantor and other information that will allow Bondowner Representative to identify Borrower and Guarantor in accordance with the PATRIOT Act.

IN WITNESS WHEREOF, the Issuer, the Bondowner Representative and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

COUNTY OF CONTRA COSTA, CALIFORNIA

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

CARENA ASSOCIATES, L.P.,
a California limited partnership

By: RCD GP LLC,
a California limited liability company,
its general partner

By: Resources for Community
Development, a California nonprofit
public benefit corporation
its sole member / manager

By: _____
Daniel Sawislak,
Executive Director

BANK OF AMERICA, N.A.

By: _____
Brandon Butcher,
Vice President

03007.40:J14738

EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

[TO BE ATTACHED]

EXHIBIT B

[intentionally omitted]

EXHIBIT C

PROJECT APPROVALS TO BE OBTAINED

All approvals, consents, waivers, orders, agreements, authorization, permits and licenses required under applicable Legal Requirements or under the terms of any restriction, covenant or easement affecting the Project, or otherwise necessary for the construction and equipping, use and operation of the Project and the Improvements, whether obtained from a Governmental Authority or any other person.

EXHIBIT D
FORM OF APPROVED RESIDENTIAL LEASE
[TO BE ATTACHED]

EXHIBIT E

SCHEDULE OF INSURANCE REQUIREMENTS

1. General Requirements

In order to close, the following insurance specifications must be met and approved in writing by the Bank's insurance consultant. Copies of policies together with an original ACORD 28 (Evidence of Property Insurance) and an ACORD 25 (Certificate of Insurance) or an approved equivalent listing all coverage will be accepted for pre-closing contingent on complete "true and certified" copies of the policies with all endorsements attached being received within 90 days after closing. Each certificate must correctly identify the property by address and the insured by borrowing entity name.

Policy premiums cannot be financed or paid in installments to an insurance carrier, but must be paid in full as evidenced by a paid receipt presented prior to or at pre-closing. All policies and renewals thereof are to be written for not less than one year. An escrow account, as described further in the loan application, will be established to pay the premium at renewal.

All of the liability policies must be written and provide for claims to be paid on an "Occurrence" basis.

Each policy must have a cancellation provision that provides that the carrier will notify Mortgagee, its successors and/or assigns, in writing at least 30 days in advance of any policy reduction or cancellation for any reason except for non-payment of premium (for which not less than 10 days written notice shall be provided).

The insurer under each policy shall be a domestic primary insurance company duly qualified as such under the laws of the states in which the Property is located and duly authorized, admitted and licensed in such states to transact the applicable insurance business and to write the insurance provided and must have and maintain a rating of AA or higher by Standard & Poor's or A.M. Best rating of A-IX or higher for any Mortgage Loan \$20,000,000 or above. For any Mortgage Loan below \$20,000,000, the insurance carrier must have and maintain a rating of "A" or higher by Standard & Poor's and/or an A.M. Best rating of A-VI or higher.

The insurance policies may be part of a blanket policy provided the insured acknowledges that failure to pay any portion of the premium which is not allocable to the mortgaged property or any other action not relating to the mortgaged property which would otherwise permit the issuer to cancel the coverage, would require the mortgaged property to be insured by a separate, single-property policy. The blanket policy must properly identify and fully protect the mortgaged property as if a separate policy were issued for 100% of Replacement Cost (insurable value) at the time of loss, allocate a portion of the premium to the mortgaged property, and otherwise meet all applicable insurance requirements of the Bank.

During the life of the loan, should any condition change or occur which affects the levels of risk anticipated, Borrower will be required to obtain appropriate coverage to mitigate the associated risk.

If any required type of coverage is not available for the mortgaged property, Mortgagee shall have no obligation to close the loan.

2. Mortgagee Clause

All policies must include EXACTLY the following standard, non-contributory, mortgagee clause:

Bank of America, N.A.
2001 Clayton Road, 2nd Floor
Concord, California 94520-2405
Attention: Loan Administration Manager

Mortgagee must be named as a first Mortgagee with respect to buildings, Loss Payee with respect to loss of rents/business interruption, and Additional Insured with respect to general liability.

3. Waiver of Subrogation

Not Required.

4. Required Insurance Coverage

Borrower is required to maintain the following policies of insurance during the term of the Loan:

- All Risk or Special Causes of Loss Form Property Insurance. Property insurance must be maintained insuring against loss or damage by fire, lightning, wind and such other perils as are included in a standard "all-risk" or "special causes of loss" form, and against loss or damage by all other risks and hazards covered by a standard property insurance policy including, without limitation, riot and civil commotion, vandalism, malicious mischief, burglary and theft. Such insurance shall be in an amount equal to the then full replacement cost of the Improvements, Equipment and personal property, without deduction for physical depreciation, no co-insurance is permitted, and maximum acceptable deductible is \$25,000. If the property is "non-conforming" with respect to zoning requirements, Borrower will be required to maintain "demolition" insurance (in an amount equal to 10% of the building value) and "increased cost of construction" insurance (in an amount equal to 25% of the building value). The burden to prove conforming use is the borrowers.

- Terrorism Insurance. For Loans in excess of \$10 million and if the insurance required under the subparagraph immediately above excludes terrorism, terrorism insurance must be maintained, unless at the time of determination: (i) it is not available at commercially reasonable rates; (ii) no affiliates of Borrower have purchased terrorism insurance with respect to another property, (iii) terrorism insurance is not commonly maintained by owners of other similar properties and (iv) it is not required for securitized loans similar to the Loan and secured by property similar to the Property in the commercial mortgage-backed securities market.

- Flood Insurance. If any portion of the Improvements are located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards (i.e. Zone A and V) and in which flood insurance is made available under the National Flood Insurance Program, then flood insurance must be maintained at least equal to the lesser of (A) the full replacement cost, together with business interruption coverage or (B) the maximum limit of coverage available for the Property under the National Flood Insurance Act of 1968, The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994, as each may be amended, or \$250,000 per residential building and \$500,000 per

commercial building. The flood insurance policy on contents shall be required upon completion of the structure or any unit or component thereof, or as soon thereafter as flood insurance policy on such contents may be obtained.

- **Earthquake Insurance.** If a seismic study is required by this Program Summary and such study reveals a 50 year/10% PML of not more than 20% of the replacement cost (as determined by the Bank), earthquake insurance will not be required. If the PML study reveals that a 50 year/10% PML of greater than 20% of the replacement cost, then earthquake insurance must be maintained in an amount equal to the replacement cost with a maximum deductible of 10% replacement cost.

- **Boiler and Machinery Insurance.** If the Property contains HVAC equipment, or there are boilers or other pressure-fired vessels that are required to be regulated by the state in which the property is located, then Broad Form Boiler and Machinery Insurance (without exclusion for explosion and including "system breakdown coverage) must be maintained on the Property and Improvements in an amount at least equal to or greater than the repair and full replacement cost of such equipment and insurance against loss of occupancy or use arising from any breakdown of such equipment in such amounts as are generally required by institutional lenders for properties comparable to the Property.

- **Business Interruption/Loss of Rental Income Insurance.** Business Interruption and/or loss of rental income insurance must be maintained in an amount sufficient to provide proceeds that will cover the "actual loss" sustained during the restoration. No co-insurance is permitted. The "actual loss" coverage amount may be capped based on projected gross revenues (less non-recurring expenses) for a twelve (12) month period. The policy can provide an "Extended Period of Indemnity" endorsement for at least an additional 90 days for loans of \$20 million or more. The perils covered by this insurance shall be the same as those required to be covered on the real property including flood, terrorism and earthquake, as necessary.

- **Builders Risk Insurance.** Borrower is required to maintain, at all times during which structural construction repairs or alterations are being made with respect to the improvements (A) owner's contingent or protective liability insurance covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy; and (B) the insurance provided for in Paragraph 1 hereof written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to said Paragraph 1 hereof, (3) including permission to occupy the Property, and (4) with an agreed amount endorsement waiving co-insurance provisions.

- **Commercial General Liability Insurance.** Borrower must maintain Commercial General Liability Insurance on an "occurrence" form including broad form property damage, contractual damages and personal injuries (including death resulting therefrom) and a liquor liability endorsement if Borrower sells liquor on the Property. In addition, excess and/or umbrella liability insurance must be maintained against all claims typically covered by an umbrella liability policy including all legal liability imposed upon Borrower and all court costs and attorneys' fees connected with the ownership, operation, and maintenance of the Property and Equipment, including products/completed operations, if applicable. The per occurrence limits including umbrella liability insurance, if applicable, must be maintained in the minimum amounts as outlined below:

\$1,000,000 total coverage for 1 to 3 story buildings

\$5,000,000 total coverage for 4 to 10 story buildings

\$10,000,000 total coverage for 11 to 20 story buildings

\$25,000,000 total coverage for buildings with greater than 20 stories

If Borrower has a multi-location policy or loan, the aggregates referred to above must be maintained on a per location basis.

- Wind Insurance. If the All Risk or Special Cause of Loss coverage excludes wind, the Borrower must present evidence of separate wind coverage. Maximum acceptable deductible for this peril is 5% of total insured value.

- Sinkhole and Mine Subsidence Insurance. Sinkhole and mine subsidence insurance must be maintained if, in the opinion of a professional engineer, whose resume shows evidence of his/her experience in this professional area, that there is a foreseeable risk of loss due to this hazard. If necessary, as determined by the engineer, Borrower shall maintain coverage in the full principal amount of the Loan.

- Statutory Workers Compensation Insurance. If Borrower has employees on site, statutory workers compensation insurance as required by law and including employer's liability must be maintained in an amount that is at least customary for employers insuring similar risks.

- Hired and Non-Owned Auto Insurance. If Borrower has employees on site, Hired and Non-Owned Auto Insurance must be maintained in an amount equal to \$1 Million combined single limit.

- Employee Dishonesty. If Borrower has employees on site, in an amount not less than three (3) months of gross revenue from the property and with a deductible not greater than Twenty-Five Thousand and no/100 Dollars (\$25,000). This coverage is required only on Cooperative Corporations.

- Other Insurance Coverage. Such other insurance with respect to the Property or on any replacements or substitutions or additions or increased coverage limits as may from time to time be required by the Bondowner Representative against other insurable hazards or casualties which at the time are commonly insured against in the case of property similarly situated, including, without limitation, sinkhole, mold, mine subsidence, earthquake and environmental insurance, due regard being given the height and typed of buildings, their construction, location, use and occupancy.

EXHIBIT F

FORM OF MONTHLY LEASE UP REPORT

MOVE IN DATABASE

Building #	Apt. #	# of BR's	# of BA's	Set-Aside	Security Deposit	Lease Rent	Certified or Move in Date	Lease Expiration	Total Value of Concessions	Description of Concession	Concession Given at Move In (Y/N)

MOVE OUT DATABASE

Build- ing #	Apt. #	# of BR's	# of BA's	Set- Aside	Total Security Deposit	Security Deposit to Tenant	Lease Rent	Move out Date	Certified or Move in Date	Lease (enter an "X")			
										Skip	Evicted	Expired	Other

EXHIBIT G

FORM OF CONVERSION DATE CERTIFICATE

_____, 20__

Bank of America, N.A.
2001 Clayton Road, 2nd Floor
Concord, California 94520-2405
Attention: Loan Administration Manager

Re: Carena Scattered Site Renovation (the "Project")

Ladies and Gentlemen:

The undersigned, being the owner of the Project, hereby certifies to Bank of America, N.A. (as Bondowner Representative with respect to the bonds issued in connection with the Project, the "Bondowner Representative") that:

1. The Improvements are ___% occupied by tenants meeting the requirements of the Loan Documents in each of three (3) prior consecutive months.
2. The ratio of Net Operating Income in each of the prior three (3) months to maximum principal and interest payable in any month under the Loan Documents on the amount of Bonds Outstanding at the time of calculation is ___ to 1.0.
3. The Conversion Date [has/has not] occurred.
4. Attached hereto is a worksheet showing the calculation of the conditions to Conversion.

Capitalized terms used and not defined herein have the meanings ascribed thereto in the Loan Agreement dated as of October 1, 2017 by and among the County of Contra Costa, California, the Bondowner Representative, and the undersigned.

CARENA ASSOCIATES, L.P.,
a California limited partnership

By: RCD GP LLC,
a California limited liability company,
its general partner

By: Resources for Community
Development, a California nonprofit
public benefit corporation
its sole member / manager

By: _____
Daniel Sawislak,
Executive Director

SCHEDULE 5.3
FINANCIAL STATEMENTS AND INFORMATION

[to come]