



FIRST MODIFICATION AGREEMENT (LONG FORM)

Date: December 1, 2017

This First Modification Agreement (Long Form) ("Agreement") is made as of the above date by and among **RIVIERA FAMILY APARTMENTS, L.P.**, a California limited partnership ("Debtor"), **MUFG UNION BANK, N.A.** ("Bank") and the **COUNTY OF CONTRA COSTA, CALIFORNIA** ("Governmental Lender"), with reference to the following facts:

RECITALS:

A. Pursuant to that certain Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program) dated September 1, 2016 (the "Borrower Loan Agreement"), Governmental Lender made a loan to Debtor in the aggregate principal amount of \$20,729,702 (the "Borrower Loan") evidenced by (i) that certain Promissory Note A-1 – Tax Exempt (Multifamily Housing Back to Back Loan Program) dated of even date with the Borrower Loan Agreement from Borrower to Governmental Lender in the original principal amount of \$16,152,951 ("Borrower Note A-1"), (ii) that certain Promissory Note A-2 – Tax Exempt (Multifamily Housing Back to Back Loan Program) dated of even date with the Borrower Loan Agreement from Borrower to Governmental Lender in the original principal amount of \$3,047,049 ("Borrower Note A-2", and (iii) that certain Promissory Note A-T – Taxable (Multifamily Housing Back to Back Loan Program) dated of even date with the Borrower Loan Agreement from Borrower to Governmental Lender in the original principal amount of \$1,529,702 ("Borrower Note A-T", and collectively with Borrower Note A-1 and Borrower Note A-2, the "Borrower Note"). Capitalized terms used in this Agreement shall have the meanings given in the Borrower Loan Agreement unless otherwise defined.

B. The Borrower Note and Debtor's obligations under the Borrower Loan Agreement are secured in part by that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction Trust Deed) (Multifamily Housing Back to Back Loan Program) of even date with the Borrower Loan Agreement (the "Deed of Trust").

C. Debtor's obligations under the Borrower Loan are guaranteed by Resources for Community Development, a California nonprofit public benefit corporation ("Guarantor"), as evidenced by that certain Loan and Completion Guaranty of even date with the Borrower Loan Agreement, executed by Guarantor in favor of Bank (the "Guaranty").

D. The Borrower Loan Agreement, the Borrower Note, the Deed of Trust, the Guaranty, and any other documents executed in connection with the Borrower Loan are collectively referred to as the "Borrower Loan Documents."

E. All of Governmental Lender's interests and rights in the Borrower Loan Documents have been assigned to Bank pursuant to that certain Assignment of Deed of Trust and Related Documents of even date with the Borrower Loan Agreement.

F. The United States House of Representatives has passed the Tax Cuts and Jobs Act (H.R. 1) (the "Tax Act") which, in part, would prohibit the issuance of tax-exempt private activity bonds after December 31, 2017, including the draw down of previously issued tax-exempt private activity bonds.

G. The Funding Loan is a private activity bond which would be subject to the Tax Act if enacted into law.

H. In order to ensure that interest on the Funding Loan Note remains tax-exempt in the event the Tax Act is enacted into law, it is the desire of the parties hereto to modify and amend the Borrower Loan

Documents to, among other things, (i) convert Borrower Note A-T from a taxable note to a tax-exempt note, and (ii) provide for the disbursement of the undrawn balance of the Borrower Loan into the Borrower's Funds Account.

I. Any reference to "Debtor" herein shall also mean "Borrower," if the Debtor is so defined in the Borrower Note. Any reference to "Borrower Note" herein shall also mean "Debt Instrument," if the Borrower Note is so defined in the Deed of Trust.

1. AMENDMENTS TO THE BORROWER LOAN AGREEMENT.

1.1 Draw Down of Borrower Loan. The Borrower hereby requests and the Bank hereby agrees to advance the remaining undrawn balance of the Borrower Loan into the Borrower's Funds Account. Upon the advancement of the Borrower Loan to the Borrower's Funds Account the amount advanced shall constitute Borrower's Funds for all purposes under the Borrower Loan Documents. The portion of the Funding Loan disbursed into the Borrower's Funds Account shall be deemed outstanding as of the date advanced and will immediately commence to accrue interest as provided in Section 3.1.2 of the Borrower Loan Agreement. The Borrower's Funds held in the Borrower's Funds Account as Borrower's Funds shall continue to be disbursed by Bank on Project costs pursuant to the provisions of Section 5 of the Borrower Loan Agreement and the Disbursement Schedule as if they were Advances of the Borrower Loan.

1.2 Other Amendments.

1.2.1 New Definitions. The following definition of "Security Agreement" shall be added to Section 1 of the Borrower Loan Agreement:

"Security Agreement. The Security Agreement dated as of the Contract Date from Borrower, as debtor, to Governmental Lender and Bank, as secured parties, granting a security interest in the Borrower's Funds Account, together with, if required by Bank, a control agreement among Borrower, Bank and the depository for the Borrower's Funds Account perfecting the security interest in the Borrower's Funds Account in a form and content satisfactory to Bank, as the same may from time to time be amended, modified or supplemented."

1.2.2 Modified Definitions. The definitions of "Borrower's Funds Account," "Borrower Note," "Borrower Note A-T" and "Security Documents" set forth in Article 1 of the Borrower Loan Agreement entitled "Definitions" are hereby deleted in their entirety and replaced with the following:

"Borrower's Funds Account. An account with Bank or with Union Bank Investment Services, LLC, an affiliate of Bank, into which Borrower's Funds shall be deposited as provided for in Section 5.6, Section 7.2 or any other provision of this Agreement. Funds in the Borrower's Funds Account may only be invested by Borrower in the following: (a) United States Treasury Bills with a maturity of 12 months or less; (b) direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, an agency or instrumentality of the United States of America with a maturity of 12 months or less; or (c) a Union Bank Business MoneyMarket Account."

"Borrower Note. Collectively, Borrower Note A-1, Borrower Note A-2, and Borrower Note A-3."

"Borrower Note A-3. The Promissory Note A-3 – Tax Exempt (Multifamily Housing Back to Back Loan Program) dated as of December 1, 2017 from Borrower, as maker, in favor of Governmental Lender in the original principal amount of \$1,529,702."

"Security Documents. Any agreements granting a security interest in collateral securing the Borrower Loan and/or any Hedge provided by Bank other than the Deed of Trust, including without limitation, assignments and consents to assignments of the Architect's

Agreement, Construction Contract, if any, Plans, any property management agreement or asset management agreement, the Assignment of Tax Credits and Partnership Interests, the Assignment of Hedge (if any), the Assignment of AHAP Contract, the Assignment of HAP Contract and the Security Agreement.”

1.2.2 Borrower Note A-3. Any reference to Borrower Note A-T in the Borrower Loan Agreement or any other Borrower Loan Documents shall instead refer to Borrower Note A-3, and any reference in the Borrower Loan Agreement to the phrase “as represented by Borrower Note A-1 and Borrower Note A-2” is hereby deleted in its entirety.

1.2.3 Interest. Section 3.1.2(a) of the Borrower Loan Agreement is hereby deleted in its entirety and replaced with the following:

“(a) At all times from and after the Funding Date to (but excluding) the Conversion Date, the aggregate outstanding principal balance of the Borrower Loan shall accrue interest at a rate which is 65% of the LIBOR Rate plus the Margin (applicable during the Construction Phase) for the then current Interest Period. The Variable Rate for the next Interest Period shall change on each Interest Change Date based on changes in the LIBOR Rate. There is no limit on the amount the Variable Rate may increase or decrease during the term of the Borrower Loan.”

1.2.4 Disbursement. Section 5.5.5 of the Borrower Loan Agreement is hereby deleted in its entirety and replaced with “Intentionally Omitted.”

1.2.5 Payment of Development Fee. Section 7.42 of the Borrower Loan Agreement is deleted in its entirety and replaced with the following: “Borrower shall not pay more than (i) \$350,000 of the development fee in the aggregate on or prior to the Closing Date, (ii) \$600,000 of the development fee in the aggregate on or prior to the date of Project Completion, (iii) \$1,150,000 of the development fee in the aggregate on or prior to Permanent Loan Conversion, and (iii) \$1,400,000 of the development fee in the aggregate on or prior to receipt of IRS Form 8609 with respect to the Project.

2. AMENDMENT AND RESTATEMENT OF BORROWER NOTE A-T. Borrower Note A-T is hereby amended and restated in its entirety as set forth in the form of that certain Promissory Note A-3 – Tax-Exempt (Multifamily Housing Back to Back Loan Program) dated of even date herewith executed by Borrower in favor of Governmental Lender (“Borrower Note A-3”).

3. AMENDMENT TO THE DEED OF TRUST. Section 2.1 of the Deed of Trust shall be deleted in its entirety and amended and restated as follows:

“**2.1** Payment of all sums at any time owing and the performance of all other obligations arising under that certain Promissory Note A-1 Tax-Exempt (Multifamily Housing Back to Back Loan Program) in the original principal amount of Sixteen Million One Hundred Fifty-Two Thousand Nine Hundred Fifty-One and No/100 Dollars (\$16,152,951) dated September 1, 2016, that certain Promissory Note A-2 Tax-Exempt (Multifamily Housing Back to Back Loan Program) in the original principal amount of Three Million Forty-Seven Thousand Forty-Nine and No/100 Dollars (\$3,047,049) dated September 1, 2016, and that certain Promissory Note A-3 Tax-Exempt (Multifamily Housing Back to Back Loan Program) in the original principal amount of One Million Five Hundred Twenty-Nine Thousand Seven Hundred Two and No/100 Dollars (\$1,529,702) dated December 1, 2017, each executed by Riviera Family Apartments, L.P., a California limited partnership (“Obligor”) to the order or in favor of Governmental Lender, which beneficial interest has been assigned to Bank pursuant to that certain Funding Loan Agreement dated September 1, 2016 between Governmental Lender and Bank (as modified, the “Funding Loan Agreement”) and that certain Assignment of Deed of Trust and Related Documents dated September 1, 2016 executed by Governmental Lender in favor of Bank and any and all modifications, replacements, extensions and renewals

thereof (collectively, the "Debt Instrument"), whether hereafter evidenced by the Debt Instrument or otherwise;"

4. ADDITIONAL PROVISIONS.

4.1 Conditions Precedent. The effectiveness of this Agreement is expressly conditioned on Debtor causing the following conditions to be satisfied to the satisfaction of Bank:

(a) Bank shall have received (i) Debtor's original signature to this Agreement, Borrower Note A-3 and that certain First Modification Agreement (Short Form) of even date herewith (the "Short Form Modification"), (ii) Governmental Lender's original signature endorsing Borrower Note A-3 to Bank, (iii) Debtor's signature on the Security Agreement on Bank's form granting to Bank a security interest in the Borrower's Funds Account, (iv) Guarantor's original signature to the Consent and Reaffirmation of Guaranty attached hereto, (v) Tax Credit Investor's original signature to the Consent of Tax Credit Investor attached hereto, and (vi) any other documents reasonably required by Bank, Governmental Lender and Tax Counsel, each in form and substance satisfactory to Bank, Governmental Lender and Tax Counsel, as applicable, and each executed by Debtor, Guarantor, Tax Credit Investor or such other parties as Bank, Governmental Lender or Tax Counsel may reasonably request.

(b) There shall have been no substantial deterioration in the financial condition of Debtor or Guarantor, as determined by Bank in Bank's discretion.

(c) No default or Event of Default under the Borrower Loan Documents shall have occurred or be continuing or would exist after giving effect to this Agreement on such date, and no event shall have occurred which, with the giving of notice or the passage of time, or both, shall ripen into a default or Event of Default hereunder.

(d) Bank shall have been reimbursed by Debtor for all costs and expenses incurred by Bank in connection with this Agreement, including without limitation, modification fees, inspection fees, attorneys' fees and costs, engineer and appraiser fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

(e) Bank shall have received an opinion of Tax Counsel, acceptable to Bank in its reasonable discretion, opining that the Agreement has no adverse effect on exclusion of interest on the bonds from gross income for federal income tax purposes.

(f) Each of the representations and warranties made by Debtor in the Borrower Loan Documents and/or pursuant to this Agreement shall be true and correct in all material respects, before and after giving effect to this Agreement.

(g) Neither Debtor nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

(h) Borrower shall have delivered to Bank and Bank shall have approved an updated Project Budget establishing that the sources and uses of funds for the Project are sufficient to complete the development of the Project, including the payment of accrued interest on the Borrower Loan through the Outside Conversion Date.

[(i) Borrower shall have deposited the sum of \$_____ into the Borrower's Funds Account to assure that there are sufficient funds in the Interest Reserve to pay the interest required under the terms of the Borrower Note through the Outside Conversion Date.] **[CHECK]**

(j) The Short Form Modification shall have been duly recorded in the Official Records.

(k) Bank shall have received from the Title Company, in form and substance satisfactory to Bank in Bank's sole discretion, and at Debtor's sole expense, all title insurance endorsements required by Bank in connection with this Agreement, including without limitation, a modified CLTA 110.5-06 endorsement to Bank's and Governmental Lender's title insurance policy without any new exceptions to title, except as approved by Bank.

4.2 Affirmation of Indebtedness. Debtor affirms and admits the indebtedness evidenced by the Borrower Note. Debtor acknowledges that it has no claims, offsets or defenses with respect to the payments of sums due under the Borrower Note or Deed of Trust or other Borrower Loan Documents. Debtor ratifies and confirms each and all of the terms, conditions and covenants of the Borrower Note, Deed of Trust and other Borrower Loan Documents as amended or modified by this Agreement and those provisions not so amended or modified and, except as specifically amended or modified hereby, the Borrower Loan Documents remain in full force and effect.

4.3 No Encumbrance. Debtor represents and warrants that it is the owner of the real estate described in the Deed of Trust free and clear of any encumbrances thereon junior to the lien of the Deed of Trust except for the Permitted Liens. Debtor further represents and warrants that title to the real property described in the Deed of Trust is now vested in Debtor subject only to those matters existing at the time of recordation of the Deed of Trust (and matters approved by Lender in writing) and current taxes and that no one other than Debtor has any interest in the real property subject to the Deed of Trust.

4.4 General Release. Debtor and each Guarantor, and each of their respective successors, assigns, directors, officers, employees, agents (collectively, "Releasing Parties"), fully, finally, and forever releases and discharges Bank and its representatives together with Bank's respective successors, assigns, directors, officers, employees, agents (collectively, "Released Parties") from any and all actions, causes of action, claims, debts, demands, liabilities, obligations, and suits, of whatever kind or nature, in law or equity arising under or in a manner in connection with the Borrower Loan or Borrower Loan Documents, that Releasing Parties have or in the future may have, whether known or unknown, occurring prior to the date of this Agreement. It is the intention of Releasing Parties that the above release shall be effective as a full and final release of each and every matter specifically and generally referred to above.

Each Releasing Party acknowledges and represents that it, he or she has been advised by independent legal counsel with respect to the agreements contained herein and with respect to the provisions of California Civil Code Section 1542, which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR." Each Releasing Party, being aware of said code section, expressly waives any and all rights it, he or she may have thereunder, as well as under any other statute or common law principle of similar effect, with respect to any of the matters released herein. This general release shall act as a release of all included claims, rights and causes of action, whether such claims are currently known, unknown, foreseen or unforeseen and regardless of any present lack of knowledge as to such claims. Each Releasing Party understands and acknowledges the significance and consequence of this waiver of California Civil Code Section 1542, and hereby assumes full responsibility for any injuries, damages, losses or liabilities released herein.

Borrower's Initials: _____ Guarantor's Initials _____

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

4.6 Successors and Assigns. This Agreement shall inure to the successors and assigns of Bank and the permitted successors and assigns of Debtor.

4.7 Patriot Act. Bank is subject to the USA Patriot Act and hereby notifies Debtor that pursuant to the requirements of that Act, Bank is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Debtor and other information that will allow Bank to identify Borrower in accordance with the Act.

4.8 Entire Agreement; No Oral Modifications. This Agreement, the other Borrower Loan Documents and the other documents mentioned herein and executed as of the date hereof set forth the entire agreement of the parties with respect to the Borrower Loan and supersede all prior written or oral understandings and agreements with respect thereto. No modification or waiver of any provision of this Agreement shall be effective unless set forth in writing and signed by the parties hereto. If there is any conflict between the terms, conditions and provisions of this Agreement and those of any other agreement or instrument executed by Borrower or Guarantor, including any of the other Borrower Loan Documents, the terms, conditions and provisions of this Agreement shall prevail. By executing this Agreement and initialing below Borrower and Guarantor expressly represent and warrant that they did not rely on any representation, assurance or agreement, oral or written, not expressly set forth in this Agreement or any of the other Borrower Loan Documents in reaching its decision to enter into this Agreement or any of the other Borrower Loan Documents and that no promises or other representations have been made to Borrower or Guarantor which conflict with the written terms of the Borrower Loan Documents. Borrower and each Guarantor represent to Bank that (i) it has read and understands the terms and conditions contained in this Agreement and the other Borrower Loan Documents executed in connection with this Agreement, (ii) its legal counsel has carefully reviewed all of the Borrower Loan Documents and it has received legal advice from counsel of its choice regarding the meaning and legal significance of this Agreement and all other Borrower Loan Documents, (iii) it is satisfied with its legal counsel and the advice received from it, and (iv) it has relied only on its review of the Borrower Loan Documents and its own legal counsel's advice and representations (and it has not relied on any advice or representations from Bank, or any of Bank's officers, employees, agents or attorneys). The Borrower Loan Documents may not be modified, amended or terminated except by a written agreement signed by each of the parties hereto.

Borrower's Initials: _____

Guarantor's Initials _____

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

DEBTOR:

RIVIERA FAMILY APARTMENTS, L.P.,
a California limited partnership

By: Stargell Commons 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:

MUFG UNION BANK, N.A.

By: _____
Name: _____
Title: _____

GOVERNMENTAL LENDER:

COUNTY OF CONTRA COSTA, CALIFORNIA

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

CONSENT AND REAFFIRMATION OF GUARANTY BY GUARANTOR

The undersigned (“Guarantor”) hereby acknowledges and consents to the terms and conditions set forth in this First Modification Agreement (Long Form), acknowledges and reaffirms its obligations owing under the Loan and Completion Guaranty dated September 1, 2016 executed by Guarantor (the “Guaranty”), and any other Borrower Loan Documents to which it is a party, acknowledges and agrees that the “Obligations” as defined in the Guaranty includes the obligations of Debtor set forth in this First Modification Agreement, and agrees that such Guaranty and Borrower Loan Documents are and shall remain in full force and effect, as amended hereby.

This Consent and Reaffirmation of Guaranty by Guarantor is executed as of the date first written above.

RESOURCES FOR COMMUNITY DEVELOPMENT,
a California nonprofit public benefit corporation

By: _____

Name: Dan Sawislak

Title: Executive Director

CONSENT OF TAX CREDIT INVESTOR

The undersigned Tax Credit Investor hereby acknowledges and consents to the terms and conditions set forth in this First Modification Agreement.

This Consent is executed as of the date first written above.

WELLS FARGO AFFORDABLE HOUSING COMMUNITY DEVELOPMENT CORPORATION,
a North Carolina corporation

By: _____
Name: Timothy J. McCann
Title: Senior Vice President

CONSENT AND REAFFIRMATION OF SUBORDINATION

The undersigned ("Subordinating Party") hereby acknowledges and consents to the terms and conditions set forth in this First Modification Agreement (Long Form), acknowledges and reaffirms the subordination of its rights under the Subordination Agreement dated September 1, 2016 ("Subordination Agreement") and recorded on September 26, 2016 in the Official Records of Contra Costa County, California ("Official Records"), as Recorder Series No. 2016-0197589, executed by Subordinating Party in favor of MUFG Union Bank, N.A.. in its capacity as agent for County of Contra Costa, California, and agrees that the Subordination Agreement shall remain in full force and effect.

This Consent and Reaffirmation is executed as of the date first written above.

COUNTY OF CONTRA COSTA,
a political subdivision of the State of California

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