
LOAN AGREEMENT

by and between

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

and

**BAYPOINT FAMILY APARTMENTS, L.P.,
a California limited partnership ,
as Borrower**

dated as of November 1, 2018

relating to:

\$_[]

**County of Contra Costa, California
Multifamily Housing Revenue Note
(Baypoint Family Apartments) Series 2018B-1**

TABLE OF CONTENTS

ARTICLE I	
DEFINITIONS AND INTERPRETATION	
Section 1.1.	Definitions.....1
Section 1.2.	Interpretation.....6
Section 1.3.	Recitals, Titles and Headings.....6
ARTICLE II	
REPRESENTATIONS AND WARRANTIES	
Section 2.1.	Representations and Warranties of the Governmental Lender6
Section 2.2.	Representations, Warranties and Covenants of the Borrower7
Section 2.3.	Hazardous Waste Covenant.....10
Section 2.4.	Additional Environmental Matters12
ARTICLE III	
THE BORROWER LOAN	
Section 3.1.	Closing of the Borrower Loan14
Section 3.2.	Commitment to Execute the Borrower Note15
Section 3.3.	Amount and Source of Loan15
Section 3.4.	Disbursement of Borrower Loan Proceeds15
ARTICLE IV	
LIMITED LIABILITY	
Section 4.1.	Limited Liability.....16
ARTICLE V	
REPAYMENT OF THE BORROWER LOAN	
Section 5.1.	Borrower Loan Repayment16
Section 5.2.	Nature of the Borrower’s Obligations.....18
Section 5.3.	No Encumbrances19
Section 5.4.	Exceptions to Non-Recourse Liability.....19
ARTICLE VI	
FURTHER AGREEMENTS	
Section 6.1.	Successor to the Governmental Lender21
Section 6.2.	Borrower Not to Dispose of Assets; Conditions Under Which Exceptions Permitted21
Section 6.3.	Cooperation in Enforcement of Regulatory Agreement21
Section 6.4.	Additional Instruments.....21
Section 6.5.	Books and Records.....22
Section 6.6.	Notice of Certain Events22
Section 6.7.	Indemnification of the Governmental Lender and Bank22
Section 6.8.	Consent to Assignment24
Section 6.9.	Compliance with Usury Laws.....24
Section 6.10.	Title to the Project24
Section 6.11.	Payment of Taxes24
Section 6.12.	No Untrue Statements24
Section 6.13.	Insurance25
Section 6.14.	Tax-Exempt Status of the Governmental Lender Note25
Section 6.15.	Regulatory Agreement26
Section 6.16.	Useful Life26
Section 6.17.	Federal Guarantee Prohibition.....27
Section 6.18.	Prohibited Facilities27
Section 6.19.	Election of Applicable Income Limit.....27
Section 6.20.	Continuing Covenant Agreement27
Section 6.21.	Removal of General Partner27
Section 6.22.	Assignment of Equity Investor Interests27
Section 6.23.	Insurance and Condemnation Proceeds.....27
Section 6.24.	Purchase Option/First Refusal Right.....28

ARTICLE VII
EVENTS OF DEFAULT AND REMEDIES

Section 7.1.	Events of Default.....	28
Section 7.2.	Notice of Default; Opportunity to Cure	29
Section 7.3.	Remedies	30
Section 7.4.	Attorneys' Fees and Expenses.....	30
Section 7.5.	No Remedy Exclusive	30
Section 7.6.	No Additional Waiver Implied by One Waiver	30

ARTICLE VIII
MISCELLANEOUS

Section 8.1.	Entire Agreement.....	31
Section 8.2.	Notices	31
Section 8.3.	Assignments	32
Section 8.4.	Severability	32
Section 8.5.	Execution of Counterparts.....	32
Section 8.6.	Amendments, Changes and Modifications.....	32
Section 8.7.	Governing Law and Venue	32
Section 8.8.	Waiver of Jury Trial	32
Section 8.9.	Judicial Reference.....	33
Section 8.10.	Term of Agreement.....	34
Section 8.11.	Survival of Agreement	34
Section 8.12.	Expenses	35
Section 8.13.	Waiver of Personal Liability	35
Section 8.14.	Binding Effect; Third Party Beneficiary	35

EXHIBIT A	FORM OF BORROWER NOTE	
-----------	-----------------------	--

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of November 1, 2018 (this "Borrower Loan Agreement"), is by and between the County of Contra Costa, California, a public body, corporate and politic, duly organized and existing under the laws of the State of California (together with its successors and assigns, the "Governmental Lender"), and Baypoint Family Apartments, L.P., a California limited partnership (the "Borrower").

For and in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. The following words and terms as used in this Borrower Loan Agreement shall have the following meanings unless the context or use otherwise requires or if not defined herein as defined in the Bank Loan Agreement:

"Act" means Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended or supplemented to apply to obligations incurred as of the Closing Date.

"Act of Bankruptcy" shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) by or against the Borrower, or any guarantor of the Borrower under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within ninety (90) days after the commencement thereof.

"Administrative General Partner" means Baypoint Family Apartments, LLC, a California limited liability company, and its respective successors and assigns.

"Assignment Agreement" means that certain Assignment Agreement, dated as of November 1, 2018, by and between the Bank and the Governmental Lender, as referenced in Section 6.6 of the Bank Loan Agreement and Section 6.8 of this Borrower Loan Agreement.

"Bank" means Pacific Western Bank, a California state-chartered bank, its successors and assigns under the Bank Loan Agreement.

"Bank Loan" means the mortgage loan originated under the Bank Loan Agreement by the Bank to the Governmental Lender in a maximum principal amount of \$[_____], evidenced by the Governmental Lender Note, for the purpose of enabling the Governmental Lender to make the Borrower Loan to the Borrower pursuant to the terms of this Borrower Loan Agreement.

"Bank Loan Agreement" means that certain Loan Agreement, dated as of November 1, 2018, by and between the Bank and the Governmental Lender, as amended and supplemented from time to time, pursuant to which the Governmental Lender Loan is being made.

“Bank Loan Documents” shall have the meaning given to that term in the Bank Loan Agreement.

“Borrower” means Baypoint Family Apartments, L.P., a California limited partnership and its successors and assigns as owner of the Project.

“Borrower Assignments” means, collectively, (i) the Assignment of Development Agreement and Developer Fee Subordination Agreement, made effective as of November 1, 2018, by the Borrower for the benefit of the Bank; (ii) the Environmental Indemnity Agreement, (iii) the Guaranty; (iv) the Assignment of Construction Contracts, made effective as of November 1, 2018, by the Borrower in favor of the Bank; and (v) the Assignment of Management Contracts and Subordination of Management Fees, and made effective as of November 1, 2018, by the Borrower in favor of the Bank.

“Borrower Loan” means the mortgage loan originated by the Governmental Lender to the Borrower in a maximum principal amount of \$[_____], evidenced by the Borrower Note, pursuant to the terms of this Borrower Loan Agreement.

“Borrower Loan Agreement” means this Loan Agreement, as amended and supplemented from time to time.

“Borrower Note” means the promissory note evidencing a portion of the Borrower Loan in the maximum principal amount of \$[_____], executed by the Borrower, in the form attached hereto as Exhibit A.

“Borrower Representative” means the Vice President of the administrative general partner of the Borrower, the President of the managing general partner of the Borrower, or any other person designated by action of the Borrower to be a Borrower Representative for purposes of the Loan Documents, a copy of which designation to be provided by the Borrower to the Governmental Lender and the Bank.

“Business Day” means any day other than a Saturday, a Sunday, or a day on which the Bank is closed.

“Closing Date” means November __, 2018, being the date of issuance of Governmental Lender Note for purposes of the Code.

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

“Continuing Covenant Agreement” means the Continuing Covenant Agreement, dated as of November 1, 2018, between the Bank and the Borrower, as amended and supplemented from time to time in accordance with its terms.

“Costs of Issuance” means all fees, costs and expenses directly associated with the authorization, issuance, sale and delivery of the Governmental Lender Note, and the making of the Governmental Lender Loan and the Borrower Loan, including, but not limited to: (i) counsel fees (including but not limited to Tax Counsel, counsel to the Governmental Lender, Borrower’s counsel and Bank’s counsel); (ii) municipal advisor

fees, incurred in connection with the closing of the Borrower Loan and the Bank Loan; (iii) certifying and authenticating agent fees and expenses related to funding of the Bank Loan; (iv) any recording fees; (v) any additional fees charged by the Governmental Lender in connection with the issuance and sale of the Governmental Lender Note, including the fees and expenses of the Governmental Lender's municipal advisor; (vi) costs incurred in connection with the required public notices generally and costs of the public hearing for the financing required by the Code; and (vii) fees paid to the Bank in connection with the origination of the Governmental Lender Loan.

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

"Deed of Trust" means the Deed of Trust, Security Agreement, Absolute Assignment of Leases and Rents and Fixture Filing, dated as of November 1, 2018, executed by the Borrower and granting a security interest in the Project, to North American Title Company, as trustee, for the benefit of the Governmental Lender, in order to secure the Borrower's obligations under the Borrower Note to repay the Borrower Loan, and all obligations related thereto under this Borrower Loan Agreement.

"Disbursement Agreement" means the Construction Disbursement Agreement, dated as of November 1, 2018, between the Bank and the Borrower, as amended and supplemented from time to time in accordance with its terms.

"Equity Contributions" shall mean the equity to be contributed by the Equity Investor in accordance with and subject to the terms of the Partnership Agreement.

"Equity Investor" means [_____], a [_____], and its successors and assigns.

"Environmental Indemnity Agreement" means the Environmental Indemnity Agreement, dated as of November 1, 2018, by the Borrower and the Guarantor in favor of the Bank.

"Event of Default" means any of the events described as an event of default in Section 7.1 hereof.

"Force Majeure" shall mean without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or any cause, circumstance or event not reasonably within the control of the Borrower; provided Borrower shall notify the Bank of any such event within 10 calendar days after the occurrence thereof.

"Funding Loan" means the loan originated under the Funding Loan Agreement by Baypoint Family Apartments, LLC to the Governmental Lender evidenced by the Funding Loan Note.

“Funding Loan Agreement” means the Funding Loan Agreement, dated as of November 1, 2018, between the Governmental Lender and Baypoint Family Apartments, LLC.

“Funding Loan Note” means the promissory note executed by the Governmental Lender in favor of Baypoint Family Apartments, LLC, in the initial principal amount of \$3,500,000 evidencing the Funding Loan.

“General Partner” means CHBA Affordable IX, LLC, a California limited liability company.

“Governmental Lender” means the County, a public body, corporate and politic, duly organized and existing under the laws of the State of California, together with its successors and assigns.

“Governmental Lender Annual Fee” has the meaning given such term in the Regulatory Agreement.

“Governmental Lender Issuance Fee” has the meaning given such term in the Regulatory Agreement.

“Governmental Lender Loan” means the mortgage loan originated under the Bank Loan Agreement by the Bank to the Governmental Lender in a maximum principal amount of \$[_____], evidenced by the Governmental Lender Note, for the purpose of enabling the Governmental Lender to make the Borrower Loan to the Borrower pursuant to the terms of this Borrower Loan Agreement.

“Governmental Lender Note” means the promissory note evidencing the Governmental Lender Loan in the maximum principal amount of \$[_____], executed by the Governmental Lender, in the form attached to the Bank Loan Agreement as Exhibit A thereto.

“Governmental Obligations” means, collectively, the Funding Loan Note and the Governmental Lender Note.

“Gross Income” has the meaning ascribed to such term in the Regulatory Agreement.

“Guarantor” means Meta Housing Corporation, a California corporation.

“Guaranty” means the Guaranty of Payment and Performance, dated as of November 1, 2018, by the Guarantor in favor of the Bank.

“Hazardous Substance Laws” collectively means and includes any present and future local, state, federal or international law or treaty relating to public health, safety or the environment including without limitation, the Resource Conservation and Recovery Act, as amended (“RCRA”), 42 U.S.C. § 6901 et seq., the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 (“SARA”), the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, as amended 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Uranium Mill Tailings Radiation Control Act, 42 U.S.C.

§ 7901 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 655 et seq., the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136 et seq., the National Environmental Policy Act, 42 U.S.C. § 4321 et seq., the Noise Control Act, 42 U.S.C. § 4901 et seq., and the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq., and the amendments, regulations, orders, decrees, permits, licenses or deed restrictions now or hereafter promulgated thereunder, and any similar law, regulation, order, decree, permit, license or deed restriction of the State.

“Inducement Date” means July 10, 2018, being the date of adoption of Resolution No. 2018/432 by the Board of Supervisors of the Governmental Lender.

“Initial Disbursement” means the initial advance of the principal of the Borrower Loan on the Closing Date in the amount of the Initial Disbursement (as defined in the Bank Loan Agreement).

“Loan Documents” means this Borrower Loan Agreement, the Bank Loan Agreement, the Continuing Covenant Agreement, the Disbursement Agreement, the Regulatory Agreement, the Borrower Note, the Governmental Lender Note, the Borrower Assignments and the Deed of Trust.

“Low Income Tenants” has the meaning ascribed to such term in the Regulatory Agreement.

“Partnership Agreement” means the [Amended and Restated Agreement of Limited Partnership] of the Borrower, as executed by the parties thereto or as thereafter amended or restated in accordance with its terms.

“Project” shall mean the Property (as defined in the Deed of Trust) and improvements thereon owned by the Borrower and encumbered by the Deed of Trust, together with all rights pertaining to such real property and improvements, as more particularly described in the Granting Clauses of the Deed of Trust and referred to therein as the “Property”.

“Project Costs” means, to the extent authorized by the Act, any and all costs and expenses incurred by the Borrower with respect to the acquisition, financing, construction and/or operation of the Project, whether paid or incurred prior to or after the Closing Date, including, without limitation, costs for the acquisition of property, the cost of consultant, accounting and legal services, appraisal costs, other expenses necessary or incident to the acquisition of the Project, and administrative expenses, and interest on the Borrower Loan.

“Property” means, the site on which the Project is located.

“Purchase Option” means any option of a partner of the Borrower to purchase the Project and a fee interest in the Property contemplated by the Partnership Agreement or documents related to the Partnership Agreement.

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

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

“Regulations” means the income tax regulations promulgated by the United States Department of the Treasury from time to time pursuant to the Code.

“Regulatory Agreement” shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2018, by and between the Governmental Lender and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or modified in accordance with its terms.

“State” means the State of California.

“Subordinate Borrower Loan Agreement” means that certain Borrower Loan Agreement, dated as of November 1, 2018, by and among the Borrower, the Governmental Lender and Baypoint Family Apartments, LLC.

“Tax Certificate” shall mean the Certificate as to Arbitrage, dated the Closing Date, executed and delivered by the Governmental Lender and the Borrower.

“Tax Counsel” shall have the meaning set forth in the Bank Loan Agreement.

“Taxes” shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

Section 1.2. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Borrower Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

Section 1.3. Recitals, Titles and Headings. The terms and phrases used in the recitals of this Borrower Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Borrower Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Borrower Loan Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Borrower Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Governmental Lender. The Governmental Lender represents, warrants and covenants that:

(a) The Governmental Lender is a public body, corporate and politic, duly organized and existing under the laws of the State and is duly authorized to execute and deliver the Governmental Lender Note and to perform its obligations under this Borrower Loan Agreement.

(b) All requirements have been met and procedures have occurred as required by the Act and the laws of the State in order to authorize the execution and delivery by the Governmental Lender of this Borrower Loan Agreement. The Governmental Lender has taken all necessary action and has complied with all provisions of the Act required to make this Borrower Loan Agreement a valid and binding limited obligation of the Governmental Lender, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) The Loan Documents to which the Governmental Lender is a party have been duly executed and delivered by the Governmental Lender, and the Governmental Lender has taken such actions as are necessary to cause the Loan Documents to which it is a party, when duly authorized, executed and delivered by the other respective parties thereto, to be valid and binding obligations of the Governmental Lender, enforceable against the Governmental Lender in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally.

(d) To the best knowledge of the Governmental Lender, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending with respect to which the Governmental Lender has been served with process or threatened against the Governmental Lender that (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any members of the Board of Supervisors of the Governmental Lender; (ii) affects or questions the validity or enforceability of this Borrower Loan Agreement or the Regulatory Agreement; or (iv) questions the tax-exempt status of interest on the Governmental Lender Note.

The Governmental Lender makes no representation or warranty, either express or implied, that the Project will be adequate or sufficient for the purposes of the Borrower. Nothing in this Borrower Loan Agreement shall be construed as requiring the Governmental Lender to provide any financing for the Project other than the proceeds of the Borrower Loan, or to provide sufficient moneys for all of the costs of the Project.

Section 2.2. Representations, Warranties and Covenants of the Borrower. The Borrower represents, warrants and covenants that:

(a) The Borrower is a limited partnership, duly organized and in good standing under the laws of the State and has full legal right, power and authority (i) to enter into this Borrower Loan Agreement and the other Loan Documents to which it is a party; (ii) to perform its obligations hereunder and thereunder; and (iii) to consummate the transactions on its part contemplated by the Loan Documents.

(b) The Loan Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and, upon the execution thereof by the other respective parties thereto, constitute valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally.

(c) The execution and delivery of the Loan Documents to which it is a party, the performance by the Borrower of its obligations hereunder and thereunder and the

consummation of the transactions contemplated hereby and thereby do not require the consent or approval of any other person, regulatory agency or governmental body (other than the other parties to the Loan Documents) and will not violate the Borrower's Partnership Agreement, or any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which the Borrower is a party or by which the Borrower or any of its property is bound.

(d) The execution and delivery of this Borrower Loan Agreement and the Regulatory Agreement, the performance of by the Governmental Lender of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby, including, without limitation, the loaning of the amounts herein set forth to the Borrower, do not violate any law, rule, regulation or ordinance or any order, judgement or decree of any federal state or local court.

(e) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Borrower which (i) affects or seeks to prohibit, restrain or enjoin the loaning of the amounts set forth herein to the Borrower or the execution and delivery of this Borrower Loan Agreement or the other Loan Documents, (ii) affects or questions the validity or enforceability of this Borrower Loan Agreement or the other Loan Documents, or (iii) questions the power or authority of the Borrower to carry out the transactions contemplated by, or to perform its obligations under, this Borrower Loan Agreement or the other Loan Documents to which it is a party, or the powers of the Borrower to own, acquire, construct or operate the Project; and no other event has occurred which may materially adversely affect the Borrower's financial condition or its properties.

(f) The Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) under any document, instrument or commitment to which the Borrower is a party or to which it or any of its property is subject which default would or could affect the ability of the Borrower to carry out its obligations under this Borrower Loan Agreement or the other Loan Documents.

(g) Any certificate signed by a Borrower Representative and delivered pursuant to this Borrower Loan Agreement or the other Loan Documents shall be deemed a representation and warranty by the Borrower as to the statements made therein.

(h) The Project is located wholly within the unincorporated area of the County.

(i) The Borrower will obtain all necessary certificates, approvals, permits and authorizations with respect to the acquisition, construction and operation of the Project from applicable local governmental agencies and agencies of the State of California and the federal government.

(j) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or the Code, or impair the exclusion from gross income for federal income tax purposes of the interest on the Governmental Lender Note. The Borrower intends to utilize the Project as multifamily rental housing for a period ending on the later of the end of the Qualified Project Period or the expiration of the Compliance Period (as defined in the Regulatory Agreement).

(k) Not in excess of two percent (2.00%) of the proceeds of the Governmental Obligations will be used to pay Costs of Issuance.

(l) The acquisition, construction and operation of the Project in the manner presently contemplated and as described herein and in the Regulatory Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Borrower will cause the Project to be operated in all material respects in accordance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(m) 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 or the Governmental Lender is a party or of which it is a beneficiary; and 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 Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Loan Documents or otherwise relied on the Governmental Lender for advice.

(n) 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 the Project, except in accordance with the terms of the Regulatory Agreement, the Deed of Trust, the Continuing Covenant Agreement, and a possible sale to the general partner of the Borrower or an affiliate thereof as reflected in the Partnership Agreement or the exhibits thereto.

(o) Neither the Borrower nor any related person thereto will purchase the Governmental Lender Note or the Funding Loan Note, or any interest in the Governmental Lender Loan or the Funding Loan.

(p) In the event the Borrower Loan proceeds are not sufficient to complete the acquisition and construction of the Project, the Borrower will furnish any additional moneys necessary to complete the acquisition and construction of the Project.

(q) All of the proceeds from the Governmental Obligations plus any income from the investment of the proceeds of the Governmental Obligations will be used to pay or reimburse the Borrower for Project Costs, and at least 97% of the proceeds of the Governmental Obligations will be used to pay or reimburse the Borrower for Qualified Project Costs and less than 25% of the proceeds of the Governmental Obligations 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 Governmental Lender Note and the Funding Loan Note are expended so as to cause the Governmental Lender Note and the Funding Loan Note to constitute "qualified residential rental bonds" within the meaning of Section 142(d) of the Code.

(r) The estimated total cost of the financing of the acquisition and construction of the Project is equal to or in excess of the maximum principal amount of the Governmental Obligations.

(s) 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 the Governmental Lender Note to be included in the gross income of the owner thereof for purposes of federal income taxation.

(t) The Borrower covenants that it shall not take, or permit or suffer to be taken by the Bank or otherwise, any action with respect to the proceeds of the Governmental Obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken on the Closing Date, would have caused the Governmental Lender Note or the Funding Loan Note to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(u) The Borrower has examined and is familiar with all the easements, covenants, conditions, restrictions, reservations, building laws, regulations, zoning ordinances, and federal, state, and local requirements affecting the Project. The Project will at all times and in all respects conform to and comply with the requirements of such easements, covenants, conditions, restrictions and reservations.

(v) Each financial statement of Borrower supplied to the Governmental Lender or the Bank truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to the Governmental Lender or the Bank except as disclosed on a subsequent financial statement. Borrower has no material contingent obligations except as disclosed in such financial statements.

(w) The Project Costs as set forth by the Borrower to the Governmental Lender and the Bank in writing prior to the date of the first disbursement of the Borrower Loan truly and accurately reflect the Borrower's reasonable estimate of the costs necessary to complete the acquisition and construction of the Project.

(x) All utility services appropriate to the use of the Project are being or upon completion of construction will be provided to the Project.

(y) The Project is contiguous to publicly dedicated streets, roads, or highways providing access to the Project.

(z) The Borrower shall take all actions required under the Partnership Agreement to cause the funding of all capital contributions to the Borrower at the times and in the amounts set forth in the Partnership Agreement.

Section 2.3. Hazardous Waste Covenant. In addition to and without limitation of any other representations, warranties and covenants made by the Borrower under this Borrower Loan Agreement and under the Regulatory Agreement, the Continuing Covenant Agreement and the Deed of Trust, the Borrower further represents, warrants and covenants that (a) the Borrower will not use Hazardous Materials (as defined herein) on, from, or affecting the Project (i) in any manner which violates federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, or (ii) in a manner that would create a material adverse effect on the Project, and that, (b) to the best of the Borrower's knowledge, no prior owner of the Project or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from, or affecting the Project (i) in any manner which violates Federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, or (ii) in a manner that would create a material adverse effect on the Project. Without

limiting the foregoing, the Borrower shall not cause or knowingly permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the Borrower cause or knowingly permit, as a result of any intentional or unintentional act or omission on the part of the Borrower or any tenant or subtenant, a release of Hazardous Materials on to the Project or on to any other property in a manner which violates Federal, State, or local laws, ordinances, rules or regulations or in a manner that would create a material adverse effect on the Project. The Borrower shall comply with and require compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Borrower shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other action required by a governmental authority under an applicable statute or regulation to clean up and remove all Hazardous Materials, on, from, or affecting the Project in accordance with all applicable Federal, state, and local laws, ordinances, rules and regulations. The Borrower shall defend, indemnify, and hold harmless the Governmental Lender from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Project which affect, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Project, and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, or written requirements of the Governmental Lender, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. In the event the Project is foreclosed upon, or a deed in lieu of foreclosure is tendered, or this Borrower Loan Agreement is terminated, the Borrower shall deliver the Project in a manner and condition that shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Project. For the purposes of this paragraph, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601 et seq.), and in the regulations promulgated pursuant thereto, or any other federal, state or local environmental laws, ordinance, rule or regulation. Notwithstanding the foregoing, "Hazardous Materials" shall not include substances typically used in the ordinary course of developing, operating and maintaining apartment complexes, provided that such substances are used in accordance with applicable laws and regulations. The provisions of this paragraph: (a) shall be in addition to any and all other obligations and liabilities the Borrower may have to the Governmental Lender at common law, and (b) with respect to any liability or cost arising as a result of acts or omissions of the Borrower during the term of this Borrower Loan Agreement, shall survive the termination of this Borrower Loan Agreement. This paragraph shall not obligate the Borrower in any way with respect to any acts or omissions of any entity to which the Project is sold or transferred in accordance with the provisions of Section 12 of the Regulatory Agreement or which are attributable solely to the willful misconduct of the Governmental Lender or the Bank or their agents or assigns.

The indemnifications and protections set forth in this Section 2.3 (i) shall be extended, with respect to the Governmental Lender, to its supervisors, officers, employees, agents and servants and persons under the Governmental Lender's control or supervision, and (ii) shall be

for the full and equal benefit of the Bank, as assignee of the Governmental Lender under the Assignment Agreement.

Anything to the contrary in this Borrower Loan Agreement notwithstanding, the covenants of the Borrower contained in this Section 2.3 shall remain in full force and effect after the termination of this Borrower Loan Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Governmental Lender relating to the enforcement of the provisions herein specified.

For the purposes of this Section 2.3, the Borrower shall not be deemed an employee, agent or servant of the Governmental Lender or person under the Governmental Lender's control or supervision.

Section 2.4. Additional Environmental Matters. (a) The Borrower shall require in any management agreement for the Project that the management company shall operate and maintain the Project in material compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, concerning the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq., and the Clean Air Act of 1975, 42 U.S.C. Section 4321, and all rules, regulations and guidance documents promulgated or published thereunder, and any state, regional, county or local statute, law, rule, regulation or ordinance relating (i) to releases, discharges, emissions or disposal to air, water, land or ground water, (ii) to the withdrawal or use of ground water, (iii) to the use, handling or disposal or polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde, (iv) to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) and any other solid, liquid or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Project or the property adjacent to or surrounding the Project, (v) to the exposure of persons to toxic, hazardous or other controlled, prohibited or regulated substances or (vi) to the transportation, storage, disposal, management or release of gaseous or liquid substances and any regulation, order, injunction, judgment, declaration, notice or demand issued thereunder.

(b) The Borrower shall make best efforts to prevent the imposition of any liens or encumbrances against the Project for the costs of any response, removal or remedial action or cleanup of Hazardous Materials.

(c) The Borrower covenants and agrees that it will not knowingly conduct or allow to be conducted any business, operations or activity on the Project, or employ or use the Project to manufacture, treat, store (except with respect to storage in the ordinary operation of the Project), or dispose of any Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof), or any other substance the disposal of which is prohibited, controlled or regulated under applicable law, or which poses a threat or nuisance to safety, health or the environment, including, without limitation, any business, operation or activity which would bring the Project within the ambit of, or otherwise violate, the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., or cause or knowingly allow to be caused,

a release or threat of release, of a nondiminimis quantity of hazardous substances on the Project as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., or any similar state, county, regional or local statute providing for financial responsibility for cleanup for the release or threatened release of substances provided for thereunder.

(d) The Borrower covenants and agrees that it shall take all appropriate response action, including any removal and remedial action, in the event of a release, emission, discharge or disposal of Hazardous Materials in, on, under or about the Project for which the Borrower is liable under state, federal or local environmental rules or regulations.

(e) The Borrower shall, as soon as practical and in any event within 15 days, notify the Governmental Lender and the Bank of any notice, letter, citation, order, warning, complaint, claim or demand that (i) the Borrower or any tenant has violated, or is about to violate, any federal, state, regional, county or local environmental, health or safety statute, law, rule, regulation, ordinance, judgment or order; (ii) there has been a release, or there is a threat of release, of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) from the Project; (iii) the Borrower or any tenant may be or is liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof); or (iv) the Project is subject to a lien in favor of any governmental entity in respect of any environmental law, rule or regulation arising from or costs incurred by such governmental entity in response to a release of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof).

(f) During the period in which the Borrower Loan Agreement is in effect, the Borrower hereby grants, and will cause any tenants to grant, to the Governmental Lender and the Bank, their respective agents, attorneys, employees, consultants and contractors an irrevocable license and authorization upon reasonable notice of not less than 24 hours and during normal business hours to enter upon and inspect the Project and perform such tests, including, without limitation, subsurface testing, soils and ground water testing, and other tests which may physically invade the Project, as the Governmental Lender or the Bank, in its respective reasonable discretion, determines are necessary to protect the lien created by the Deed of Trust. The Governmental Lender and the Bank and their officers, employees and agents shall indemnify and hold harmless the Borrower, its partners, employees and agents from any and all claims for damages to persons or property arising from any activity of the Governmental Lender, the Bank, their employees, officers, agents, representatives, contractors, subcontractors or consultants on the Property. The provisions of this Section 2.4 shall be for the full and equal benefit of the Governmental Lender, and of the Bank as assignee of the Governmental Lender under the Assignment Agreement.

(g) The Borrower agrees to protect, defend, hold harmless and indemnify the Governmental Lender and the Bank for, from, against and in respect of any and all claims, losses, liabilities, damages (whether special, consequential or otherwise), settlements, penalties, interest and expenses (including any professional fees and expenses) which may be suffered or incurred by it relating to, arising out of or resulting from or by reason of any and all present or future liabilities or obligations under any current federal, state or local law (including common law), and regulations, orders and decrees relating to pollution control, environmental protection, health, welfare, public safety, personal injury, property damage or any other type of claim relating to the Project, with respect to: (i) the handling, storage, use, transportation or disposal of any Hazardous Materials by the Borrower in or from the Project; (ii) the handling, storage, use, transportation or disposal (whether or not known to the Borrower) of any

Hazardous Materials, which Hazardous Materials were products, byproducts or otherwise resulted from operations conducted on the Project; or (iii) any intentional or unintentional emission, discharge or release (whether or not known to the Borrower) of any Hazardous Materials into or upon the air, surface water, ground water or land or any manufacturing, processing, distribution, use, treatment, disposal, transport or handling of such Hazardous Materials. This paragraph shall not obligate the Borrower with respect to any acts or omissions of any entity to whom the Project or any portion thereof is sold or transferred in accordance with the provisions of Section 12 of the Regulatory Agreement, or which are attributable to the willful misconduct of the Governmental Lender or the Bank or their agents or assigns.

ARTICLE III

THE BORROWER LOAN

Section 3.1. Closing of the Borrower Loan. The closing of the Borrower Loan shall not occur until the following conditions are met:

(a) the Governmental Lender shall have received an original executed counterpart of this Borrower Loan Agreement, the Regulatory Agreement, the Borrower Assignments, the Disbursement Agreement, the Continuing Covenant Agreement and the Deed of Trust, and a copy of the Borrower Note (the original of the Borrower Note to be endorsed by the Governmental Lender to the Bank without recourse, and is to be delivered to the Bank), as well as evidence satisfactory to the Governmental Lender and the Bank of (i) the recordation of the Regulatory Agreement, the Assignment Agreement and the Deed of Trust (the "Recording Documents") in the official records of the County Recorder of the County, which may be by telephonic notice from a title company, or (ii) an insured lien in the form of gap coverage from a title company, together with escrow instructions providing for the recording of the Recording Documents in the official records of the County Recorder of the County after the Closing Date;

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Borrower Loan Agreement shall have occurred as evidenced by a certificate received from the Borrower;

(c) the conditions to the Initial Disbursement set forth in the Disbursement Agreement and the Continuing Covenant Agreement have been satisfied in full;

(d) the Bank shall have received the original Governmental Lender Note, executed by the Governmental Lender;

(e) the Bank shall have received a certified copy of the resolution of the Governmental Lender authorizing the issuance of the Governmental Lender Note;

(f) the Bank shall have received an opinion of Tax Counsel in a form reasonably acceptable to the Bank with respect to the enforceability against the Governmental Lender of the Loan Documents to which the Governmental Lender is a party and as to the tax-exempt nature of the interest on the Governmental Lender Note;

(g) the delivery to escrow of all amounts required to be paid in connection with the Governmental Lender Loan and the Borrower Loan on the Closing Date, including amounts related to the underlying real estate transaction to be paid on the Closing Date;

(h) the receipt by the Governmental Lender of the Required Transferee Representations executed by the Bank in the form set forth in Exhibit B to the Bank Loan Agreement;

(i) all legal matters incident to the transactions contemplated by this Borrower Loan Agreement shall be concluded to the reasonable satisfaction of the counsel to the Governmental Lender and counsel to the Bank;

(j) the Governmental Lender and the Bank shall have received an opinion of counsel to the Borrower addressed to the Governmental Lender and the Bank to the effect that the Loan Documents to which the Borrower is a party are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender and the Bank; and

(k) the Bank and the Governmental Lender shall have received such other documents or opinions as the Bank or the Governmental Lender may reasonably require.

Section 3.2. Commitment to Execute the Borrower Note. The Borrower agrees to execute and deliver the Borrower Note and the Deed of Trust simultaneously with the execution of this Borrower Loan Agreement.

Section 3.3. Amount and Source of Loan. The Governmental Lender hereby makes to the Borrower and agrees to fund, and the Borrower hereby accepts from the Governmental Lender, upon the terms and conditions set forth herein, the Borrower Loan and agrees to have the proceeds of the Borrower Loan applied and disbursed in accordance with the provisions of this Borrower Loan Agreement.

Section 3.4. Disbursement of Borrower Loan Proceeds. (a) The Governmental Lender hereby authorizes and directs the funding and disbursement of the Initial Disbursement on the Closing Date, subject to the condition that (i) the Regulatory Agreement and the Deed of Trust shall have been executed and signed by the Borrower and duly recorded in the office records of the County Recorder of the County, and (ii) the Borrower has complied with the conditions to the initial funding set forth in the Disbursement Agreement and the Continuing Covenant Agreement, and has satisfied the conditions to the closing of the Borrower Loan in Section 3.1 of this Borrower Loan Agreement. The Borrower hereby authorizes the Governmental Lender to disburse on the date of execution and delivery of the Borrower Note the amount representing the Initial Disbursement to North American Title Company, to be used to pay costs identified in the instructions to North American Title Company delivered in connection with the recordation of the Deed of Trust and the Regulatory Agreement.

(b) The Governmental Lender hereby authorizes and directs the funding and disbursement of the remaining principal amount of the Borrower Loan (not referenced in Section 3.4(a) above), subject to the conditions set forth in the Disbursement Agreement and the Continuing Covenant Agreement. Any disbursement of the remaining principal amount of the Borrower Loan shall be used to pay Project Costs and shall not cause the Borrower to violate its covenant in Section 2.2(q) of this Borrower Loan Agreement. No further disbursements of the Borrower Loan shall be made after the date which is three (3) years after the Closing Date.

(c) The Borrower has advised the Governmental Lender of the Borrower's intent that the proceeds of the Governmental Lender Note be used exclusively to pay the Project Costs which are includable in the aggregate basis of the buildings and related land constituting the Project (the "Allowable Costs"), in order to comply with Section 42(h)(4)(B) of the Internal Revenue

Code of 1986, as amended. The Borrower, in submitting requests for disbursement of the Borrower Loan under the Disbursement Agreement, shall maintain such accounting and other records as shall be necessary to carry out the Borrower's intent with respect to tracing the use of the Governmental Lender Loan proceeds, and the Governmental Lender shall have no responsibility whatsoever with respect thereto. The Borrower hereby covenants that each request for a disbursement of the Borrower Loan will identify the respective amounts of proceeds of the Governmental Lender Loan and the other sources of funds comprising each respective disbursement, and shall represent that proceeds of the amount requested will only be expended for Allowable Costs or will be deposited in a specially designated account which can be used only to pay Allowable Costs, and that the proceeds of any other sources of funds will be deposited into another, separate account.

ARTICLE IV

LIMITED LIABILITY

Section 4.1. Limited Liability. All obligations and any liability of the Governmental Lender incurred hereunder shall be limited, special obligations of the Governmental Lender, payable solely and only from amounts received from the Bank pursuant to the Bank Loan Agreement. All obligations and any liability of the Governmental Lender shall be further limited as provided in Sections 4.1, 5.2 and 6.14 of the Bank Loan Agreement.

Neither the Governmental Lender nor its supervisors, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Borrower Loan Agreement or any of the other Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement.

The Borrower hereby acknowledges that the Governmental Lender's sole source of moneys to repay the Governmental Lender Note will be provided by the Security, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or prepayment price) and interest on the Governmental Lender Note as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bank the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or prepayment price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bank, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Bank, the Governmental Lender or any such third party, as the case may be, therefor but solely, in the case of the Governmental Lender, from the Security, other than with respect to any deficiency caused by the willful misconduct of the Governmental Lender.

ARTICLE V

REPAYMENT OF THE BORROWER LOAN

Section 5.1. Borrower Loan Repayment. (a) The Borrower Loan shall be evidenced by the Borrower Note which shall be executed by the Borrower in the form attached hereto as Exhibit A. The Borrower agrees to pay to the Bank, as agent of the Governmental Lender under the Assignment Agreement, principal of and interest on the Borrower Loan at the times, in the manner, in the amount and at the rate of interest provided in the Borrower Note and this Borrower Loan Agreement.

(b) The Borrower further agrees to pay all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments with respect thereto; provided, however, that the Borrower reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project. In addition, the Borrower agrees to pay any loan fee, processing fee and all title, escrow, recording and closing costs and expenses (including legal fees), any appraisal costs and all other reasonable fees and costs associated with or required in connection with the Governmental Lender Note, the Regulatory Agreement and Bank Loan Agreement; including but not limited to any such amounts described in Section 5.1(c) of the Bank Loan Agreement.

(c) The Borrower hereby acknowledges and consents to the assignment by the Governmental Lender to the Bank of its rights under this Borrower Loan Agreement (excepting only the Governmental Lender's rights under Section 6.7 hereof; and its retained rights under Sections 2.3, 2.4, 5.1(b), 5.1(d), 7.4, 8.7, 8.12 and 8.13 hereunder, together with its rights to receive notice and consent to amendments pursuant to the Loan Documents to which it is a party), and the appointment of the Bank as agent of the Governmental Lender to collect the payments on the Borrower Loan, all as set forth in the Assignment Agreement.

(d) In addition to such payments as provided in this Section 5.1, the Borrower shall also pay to the Governmental Lender or the Bank, as the case may be, "Additional Payments," as follows:

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

(ii) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Bank or the Governmental Lender to prepare audits, financial statements, reports, opinions or provide such other services required under the Bank Loan Documents; and

(iii) The Governmental Lender Issuance Fee, the Governmental Lender Annual Fee and the reasonable fees and expenses of the Governmental Lender or any agent or attorney selected by the Governmental Lender to act on its behalf in connection with the Bank Loan Documents or the Loan Documents, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Governmental Lender Note or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving this Borrower Loan Agreement, the Bank Loan Documents or the Loan Documents or any of

the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the Bank Loan Documents and the Loan Documents.

(iv) Any amounts due and payable by the Borrower as arbitrage rebate under Section 148 of the Code, pursuant to Borrower's covenants and agreements with respect thereto in this Borrower Loan Agreement, the Subordinate Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate.

Such Additional Payments shall be billed to the Borrower by the Governmental Lender from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Governmental Lender for one or more of the above items. After such a demand, amounts so billed shall be paid by the Borrower within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the Governmental Lender shall not be required to submit a bill to the Borrower for payment of the Governmental Lender Issuance Fee, the Governmental Lender Annual Fee or any amounts due with respect to arbitrage rebate under Section 148 of the Code, the calculation and payment for which is the responsibility of the Borrower.

As provided in Section 7(d) of the Regulatory Agreement, the Governmental Lender Issuance Fee and the initial Governmental Lender Annual Fee shall be paid to the Governmental Lender by the Borrower on the Closing Date. Thereafter, the Governmental Lender Annual Fee shall be due and payable by the Borrower in advance on November 1 of each year commencing with the first such date following the Closing Date. The Borrower's obligation to pay the Governmental Lender Issuance Fee and the Governmental Lender Annual Fee shall in no way limit amounts payable by the Borrower to the Governmental Lender under the Bank Loan Documents, including for the enforcement thereof, but the Governmental Lender does agree to apply the Governmental Lender Annual Fee to the payment of any third party administrator appointed by it to administer the Regulatory Agreement to the extent of its fees for ordinary duties as administrator thereunder.

These obligations in this Section 5.1(d) and those in Section 6.7 shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Borrower Loan Agreement or the Bank Loan Agreement.

Section 5.2. Nature of the Borrower's Obligations. The Borrower shall repay the Borrower Loan pursuant to the terms of the Borrower Note irrespective of any rights of set-off, recoupment or counterclaim the Borrower might otherwise have against the Governmental Lender, the Bank or any other person. The Borrower will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Borrower Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the construction and operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Borrower Loan or the Project; (iii) any event constituting Force Majeure; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vi) any failure of the Governmental Lender or the Borrower to perform or observe any covenant, whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Borrower Note; it being the intention of the parties that, as long as the Borrower Note or any portion thereof remains outstanding and unpaid, the obligation of the Borrower to repay the Borrower Loan and provide such moneys shall continue in all events. This Section 5.2 shall not be construed to release the Borrower from any of its obligations hereunder, or, except as provided in this Section 5.2, to prevent or restrict the Borrower from asserting any rights which

it may have against the Governmental Lender under the Borrower Note or the Deed of Trust or under any provision of law or to prevent or restrict the Borrower, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the Governmental Lender or the Bank or taking any other action to protect or secure its rights.

Notwithstanding the foregoing, except for obligations under the Guaranty and the Environmental Indemnity Agreement, neither any general partner nor any limited partner of the Borrower shall be personally liable for the amounts owing under this Borrower Loan Agreement, the Borrower Note or the Deed of Trust; and the Governmental Lender's remedies in the event of a default under the Borrower Loan shall be limited to those remedies set forth in Section 7.3 hereof and the commencement of foreclosure under the Deed of Trust and the exercise of the power of sale or other rights granted thereunder. Notwithstanding the Assignment Agreement, no assignment by the Governmental Lender of its rights hereunder shall preclude the Governmental Lender from proceeding directly against the Borrower in connection with the obligation of the Borrower to indemnify the Governmental Lender under Section 6.7 hereof or Section 9 of the Regulatory Agreement or to make any payment to the Governmental Lender required to be paid by the Borrower pursuant to the provisions of Sections 2.3, 2.4, 5.1(b), 5.1(d), 7.4 or 8.12 hereof. Nothing in this Section 5.2 shall prohibit the Borrower from contesting in good faith any lien (other than the liens of the Deed of Trust).

Section 5.3. No Encumbrances. The Borrower shall not create, permit, file or record against the Project without the prior written consent of the Bank and the Governmental Lender any deed of trust lien or other lien, inferior or superior to the lien of the Deed of Trust, other than (i) the Permitted Encumbrances, as defined in the Disbursement Agreement, and grants and loans which are being subordinated concurrently with the making of the Borrower Loan; (ii) the Purchase Option; and (iii) liens for taxes not yet due and payable.

Section 5.4. Exceptions to Non-Recourse Liability. Notwithstanding Section 5.2 or any other provision of this Borrower Loan Agreement, the Governmental Lender (and the Bank, as assignee of the Governmental Lender) shall have the right to recover from the Borrower the following:

(a) any loss, damage or cost (including, but not limited to, attorneys' fees) resulting from fraud or intentional misrepresentation by the Borrower or the Borrower's agents or employees in connection with obtaining the Borrower Loan or in complying with any of Borrower's obligations under the Loan Documents;

(b) insurance proceeds, condemnation awards, security deposits from tenants or other sums or payments received by or on behalf of Borrower in its capacity as owner of the Project and not applied in accordance with the provisions of the Continuing Covenant Agreement;

(c) all rents not applied, first, to the payment of the reasonable operating expenses as such operating expenses become due and payable, and then, to the payment of principal and interest then due and payable under this Borrower Loan Agreement, the Borrower Note and any other sums due under the Deed of Trust and all other Loan Documents (including but not limited to deposits or reserves payable under any Loan Document);

(d) transfer fees and charges due under the Deed of Trust;

(e) all rents and profits, and security deposits received by the Borrower after an Event of Default under this Borrower Loan Agreement;

(f) any loss, damage or cost (including, but not limited to attorneys' fees) resulting from the commission of material waste by the Borrower (Or any officer, director or agent of the Borrower or any guarantor or owner of any collateral) or failure by the Borrower to perform its obligations to maintain the Project;

(g) any loss, damage or cost (including, but not limited to, attorneys' fees) resulting from the presence or release of any "Hazardous Materials" (as defined in Section 2.3) on, in or under the Project;

(h) all sums owing by the Borrower under all indemnities contained in this Borrower Loan Agreement or the Regulatory Agreement; and

(i) any loss, damage or cost (including, but not limited to attorneys' fees) resulting from the failure by the Borrower to pay taxes and charges that may become a lien on the Project, to maintain and pay premiums for insurance required pursuant to this Borrower Loan Agreement or the Deed of Trust, or to repay any sums advanced by the Governmental Lender or the Bank for any such purpose.

The exceptions to non-recourse liability contained in this Section 5.4 shall not limit the rights of the Governmental Lender (or the Bank, as assignee of the Governmental Lender) to:

(i) name the Borrower as a party defendant in any action, proceeding or arbitration, subject to the limitations of this Section as to personal liability; or

(ii) assert any unpaid amounts on the Borrower Loan as a defense or offset to or against any claim or cause of action made or alleged against the Governmental Lender or the Bank by the Borrower or any indemnitor with respect to the Borrower Loan; or

(iii) exercise self-help remedies such as set-off or nonjudicial foreclosure against, or sale of, any real or personal property collateral security.

No provision of this Section shall (i) affect any guaranty or similar agreement executed in connection with the debt evidenced by the Borrower Note or this Borrower Loan Agreement, (ii) release or reduce the debt evidenced by the Borrower Note or this Borrower Loan Agreement, (iii) impair the right of the Bank to enforce any provisions of the Deed of Trust or any other collateral security for the repayment of the Borrower Loan, (iv) impair the lien of the Deed of Trust or any other collateral security for the repayment of the Borrower Loan, or (v) impair the right of the Bank to enforce the provisions of any Loan Document other than by collection of amounts owed on the Borrower Note. Nothing herein shall directly or indirectly limit the right of the Bank to collect or recover any collateral from Borrower or any person holding or receiving the same without the written consent of the Bank, including any affiliate who receives the rents and profits assigned to the Bank after the same become payable to the Bank or under circumstances where the same are recoverable by the Bank under applicable law or by contract. Furthermore, nothing in any other provision of the Borrower Note, this Borrower Loan Agreement or the other Loan Documents shall be deemed to limit the Bank's right to enforce collection from Borrower (or any other person liable therefor) of all reasonable attorneys' fees, costs, expenses, indemnity liabilities and other amounts payable to the Bank apart from principal or interest owing under the Borrower Note.

Nothing in this Section 5.4 shall be interpreted to subordinate any obligation or liability of Borrower to the Bank to any operating expenses, and upon an Event of Default the Bank may

apply revenues derived from the Project to any secured or unsecured obligation owing to the Bank, in any order.

ARTICLE VI

FURTHER AGREEMENTS

Section 6.1. Successor to the Governmental Lender. The Governmental Lender will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

Section 6.2. Borrower Not to Dispose of Assets; Conditions Under Which Exceptions Permitted. The Borrower agrees that during the term of this Borrower Loan Agreement it will not dispose of all or substantially all of its assets nor consolidate with nor merge into any entity unless (i) the Governmental Lender and the Bank shall consent to the disposition, consolidation or merger, (ii) the acquirer of its assets or the entity with which it shall consolidate or into which it shall merge shall be an individual or a corporation, partnership or other legal entity organized and existing under the laws of the United States of America or one of the states of the United States of America and shall be qualified and admitted to do business in the State; and (iii) such acquiring or remaining entity shall assume in writing all of the obligations of the Borrower under the Loan Documents. The consent of Bank and the Governmental Lender shall not be required for any transfers pursuant to the Partnership Agreement provided that the Borrower and any transferee comply with the requirements set forth in Section 12 of the Regulatory Agreement (other than any requirement in said Section 12 for the consent of the Governmental Lender or the Bank) and that they comply with any applicable requirements of the Continuing Covenant Agreement.

Section 6.3. Cooperation in Enforcement of Regulatory Agreement. The Borrower hereby covenants and agrees as follows:

- (a) to comply with all provisions of the Regulatory Agreement;
- (b) to advise the Governmental Lender and the Bank in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the Regulatory Agreement;
- (c) upon written direction by the Governmental Lender, to cooperate fully and promptly with the Governmental Lender in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) to file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, and the Certification to the Secretary of the Treasury required by Section 4(f) of the Regulatory Agreement.

The Governmental Lender shall not incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Governmental Lender from any claim or liability for such breach pursuant to Section 6.7 hereof and Section 9 of the Regulatory Agreement.

Section 6.4. Additional Instruments. The Borrower hereby covenants to execute and deliver such additional instruments and to perform such additional acts as may be necessary, in the opinion of the Governmental Lender, to carry out the intent of the Loan Documents or to

perfect or give further assurances of any of the rights granted or provided for in the Borrower Loan, the Deed of Trust and the Borrower Note, provided, however, that no such additional instruments or acts shall change the economic terms of the transactions described herein or expand the liability of the parties hereunder.

Section 6.5. Books and Records. The Borrower hereby covenants to permit the Governmental Lender and the Bank or their duly authorized representatives access during normal business hours and upon reasonable notice to the books and records of the Borrower pertaining to the Borrower Loan and the Project, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Governmental Lender, the Bank and their duly authorized representatives and at the sole expense of the Borrower.

Section 6.6. Notice of Certain Events. The Borrower hereby covenants to advise the Governmental Lender and the Bank promptly in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In addition, the Borrower hereby covenants to advise the Governmental Lender and the Bank promptly in writing of the occurrence of any Act of Bankruptcy.

Section 6.7. Indemnification of the Governmental Lender and Bank. (a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend (by counsel approved by the indemnitee in its reasonable discretion) the Governmental Lender, the Administrator (as defined in the Regulatory Agreement), if not the same as the Governmental Lender and the Bank and each of their respective officers, supervisors, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject arising out of or based upon or in any way relating to:

(i) the Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance and sale of the Governmental Lender Note;

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

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

(iv) any violation of any environmental law, rule or regulation, including any Hazardous Substances Laws with respect to, or the release of any hazardous materials from, the Project or any part thereof;

(v) the payment or prepayment, in whole or in part, of the Borrower Note;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate or disclosure document for the Borrower Note or any of the documents relating to the Borrower Loan to which the Borrower is a party, or any omission or alleged omission from any disclosure document for the Borrower Loan of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Governmental Lender Note, or allegations (or regulatory inquiry) that interest on the Governmental Lender Note is taxable, for State or federal tax purposes; and

(viii) the Bank's acceptance of the assignment under the Assignment Agreement or administration of any of the Loan Documents, or the exercise or performance of any of its powers or duties thereunder or under any of the Loan Documents to which it is a party;

except (A) in the case of the foregoing indemnification of the Bank or any of its respective officers, governing members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party, or (B) in the case of the foregoing indemnification of the Governmental Lender or any of its respective officers, supervisors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party; and provided that this Section 6.7(a) is not intended to give rise to a right of the Governmental Lender or the Bank to claim payment of the principal and accrued interest with respect to the Borrower Loan as a result of an indemnified third party claim. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Bank and the Governmental Lender have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Sections 5.1 and 7.4 hereof shall survive the final payment or defeasance of the Governmental Lender Note and the Borrower Note. The provisions of this Section shall survive the termination of this Borrower Loan Agreement.

(c) In the event of any conflict between the provisions of this Section 6.7 and the provisions of Section 9 of the Regulatory Agreement, the provisions providing the most benefit and protection to the Indemnified Parties shall prevail. The provisions of this Section 6.7 shall in no way limit the indemnities set forth in the Deed of Trust and the Continuing Covenant Agreement.

Section 6.8. Consent to Assignment. The Governmental Lender has made an assignment to the Bank of all rights and interest of the Governmental Lender in and to this Borrower Loan Agreement (except the Governmental Lender's rights under Section 6.7 hereof and its retained rights under Sections 2.3, 2.4, 5.1(b), 5.1(d), 7.4, 8.7, 8.12 and 8.13 hereof, together with its rights to receive notice and consent to amendments pursuant to the Loan Documents), the Borrower Note and the Deed of Trust and has appointed the Bank as its agent to collect the payments by the Borrower on the Borrower Loan; and the Borrower hereby consents to all such assignments and such appointment.

Section 6.9. Compliance with Usury Laws. Notwithstanding any other provision of this Borrower Loan Agreement, it is agreed and understood that in no event shall this Borrower Loan Agreement, with respect to the Borrower Note or other instrument of indebtedness, be construed as requiring the Borrower or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Borrower Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Borrower Note or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Borrower Loan Agreement or related documents shall be cancelled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount.

The provisions of this Section prevail over any other provision of this Borrower Loan Agreement.

Section 6.10. Title to the Project. The Borrower shall concurrently with the closing of the Borrower Loan have a fee interest in the site on which the Project is located free and clear of any lien or encumbrance except for (i) liens for nondelinquent assessments and taxes not yet due or which are being contested in good faith by appropriate proceedings; (ii) the Deed of Trust; (iii) Permitted Encumbrances (as defined in the Disbursement Agreement); and (iv) any other encumbrances approved by the Bank. Concurrently with the closing of the Borrower Loan, the Borrower shall cause to be delivered to the Bank one or more title policies, naming the Bank as the insured, as its interests may appear with endorsements specified in the Bank's escrow instructions, as required by the Bank.

Section 6.11. Payment of Taxes. The Borrower has filed or caused to be filed all federal, state and local tax returns or information returns which are required to be filed with respect to the Project and of which Borrower has knowledge, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due and payable other than those payable without penalty or interest.

Section 6.12. No Untrue Statements. Neither this Borrower Loan Agreement nor any other document, certificate or statement furnished to the Governmental Lender or the Bank by or on behalf of the Borrower, contains to the best of the Borrower's knowledge any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading or incomplete as of the date hereof. It

is specifically understood by Borrower that all such statements, representations and warranties shall be deemed to have been relied upon by the Governmental Lender as an inducement to make the Borrower Loan, and by the Bank as an inducement to make the Governmental Lender Loan, and that if any such statements, representations and warranties were materially incorrect at the time they were made, the Governmental Lender may consider any such misrepresentation or breach an Event of Default.

Section 6.13. Insurance. The Borrower shall provide policies of property damage (fire, extended coverage, vandalism and malicious mischief), loss of rent, public liability and worker's compensation insurance with respect to the Project and the operation thereof as more fully described in the Continuing Covenant Agreement and the Deed of Trust.

Section 6.14. Tax-Exempt Status of the Governmental Lender Note.

(a) It is the intention of the Governmental Lender and the Borrower that interest on the Governmental Lender Note shall be and remain excludable from the gross income of the owner of the Governmental Lender Note for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section 6.14 are for the benefit of the Bank and the Governmental Lender.

(b) The Borrower covenants and agrees that it will not knowingly and willingly use or permit the use of any of the funds provided by the Governmental Lender hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Governmental Lender Note or the Funding Loan Note that would, or take or omit to take any other action that would cause the Governmental Lender Note or the Funding Loan Note to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.

(c) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 6.14 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Bank or the Funding Lender (as defined in the Funding Loan Agreement), the Borrower shall determine the limitations and so instruct the Bank and the Funding Lender in writing and cause the Bank or the Funding Lender, as applicable, to comply with those limitations.

(d) The Borrower will take such action (or actions) as may be reasonably necessary in the opinion of Tax Counsel, or of which it otherwise becomes aware, to fully comply with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury or the Internal Revenue Service under Section 142 or Section 148 of the Code which are applicable to the Governmental Obligations.

(e) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project, to the extent required by applicable State or federal law.

(f) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions of this Borrower Loan Agreement

and of the Regulatory Agreement, and that in any event, the requirements of this Borrower Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(g) The Borrower shall not purchase, and shall use its best efforts to prevent any Guarantor from purchasing, pursuant to an arrangement, formal or informal, the Governmental Lender Note or any interest therein or the Funding Loan Note or any interest therein.

(h) The Borrower will use due diligence to complete the construction of the Project and reasonably expects to fully expend the full authorized principal of the Borrower Loan within three years of the date of execution of this Borrower Loan Agreement.

(i) The Borrower will take such action or actions as necessary to ensure compliance with the Tax Certificate and Sections 2.2(j), (n), (p), (r) and (s) hereof.

(j) The Borrower will make timely payment of any rebate amount due to the federal government by reason of any investment of the proceeds of the Borrower Note or the proceeds of the loan made to the Borrower under the Subordinate Borrower Loan Agreement, or any moneys pledged to the repayment of the Borrower Note, of the loan made to the Borrower under the Subordinate Borrower Loan Agreement or either of the Governmental Obligations, at a yield in excess of the yield on the Governmental Obligations, or otherwise as required under the Code.

(k) The Borrower has retained or shall retain the services of a qualified rebate analyst to perform any and all calculations required to demonstrate compliance with its covenants herein with respect to the requirements of Section 148 of the Code as applicable to the Governmental Obligations.

(l) In furtherance of the covenants in this Section 6.14, the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Borrower Loan Agreement and made a part of this Borrower Loan Agreement as if set forth in this Borrower Loan Agreement in full. In the event of conflict between the terms of this Borrower Loan Agreement and the Tax Certificate, the terms of the Tax Certificate shall control.

Section 6.15. Regulatory Agreement. In order to maintain the exclusion from gross income under federal tax law of interest on the Governmental Lender Note and to assure compliance with the laws of the State and the Act, the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Governmental Lender Note, execute and deliver and cause to be recorded the Regulatory Agreement.

The Borrower shall comply with every term of the Regulatory Agreement, subject to all applicable notice and cure periods, and the Borrower hereby acknowledges that in the event of a default under the Regulatory Agreement, the Borrower Loan may be accelerated. The Borrower agrees to cause any amendments to the Regulatory Agreement to be recorded in the appropriate official public records. The books and records of the Borrower pertaining to the incomes of the Low-Income Tenants residing in the Project shall be open to inspection by any authorized representative of the Governmental Lender and the Bank.

Section 6.16. Useful Life. The Borrower hereby represents and warrants that, within the meaning of Section 147(a)(14) of the Code, the average maturity of the Governmental Obligations does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the proceeds of the Governmental Obligations.

Section 6.17. Federal Guarantee Prohibition. The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Governmental Lender Note or the Funding Loan Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Section 6.18. Prohibited Facilities. The Borrower represents and warrants that no portion of the proceeds of the Governmental Obligations shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Borrower Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

Section 6.19. Election of Applicable Income Limit. The Governmental Lender hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code in that forty percent (40%) or more of the residential units in the Project shall be occupied by persons or families whose Gross Income is sixty percent (60%) or less of median income for the Area, adjusted for household size.

Section 6.20. Continuing Covenant Agreement. The Borrower agrees to comply with all of the covenants and agreements set forth in the Continuing Covenant Agreement.

Section 6.21. Removal of General Partner. Notwithstanding anything to the contrary contained in the Loan Documents, removal, or withdrawal in lieu of removal, of the Borrower’s general partner(s) for cause in accordance with the Borrower’s Partnership Agreement as in effect from time to time, and which comply with the applicable requirements of the Continuing Covenant Agreement, shall not require the consent of the Governmental Lender or the Bank and shall not constitute a default under any of the Loan Documents or accelerate the maturity of the Borrower Loan. If such general partner is removed, or withdraws in lieu of removal, the Bank shall not unreasonably withhold its consent (no consent of the Governmental Lender being needed in any event) to the admission of a substitute general partner; provided that if the Equity Investor designates itself, or an affiliate of the Equity Investor or of the Governmental Lender, as the substitute general partner, the Bank’s consent to the admission of such substitute general partner shall not be required. Any amendment to the Partnership Agreement to effectuate such removal and/or withdrawal and such admission of the substitute general partner shall not require consent of the Governmental Lender or the Bank.

Section 6.22. Assignment of Equity Investor Interests. Notwithstanding anything to the contrary contained in the Loan Documents, the respective interests of any Equity Investor of the Borrower shall be freely transferable and any amendment to the Partnership Agreement to effectuate such transfers shall not require consent of the Governmental Lender or the Bank.

Section 6.23. Insurance and Condemnation Proceeds. Notwithstanding anything to the contrary contained in the Loan Documents, in the event of any fire or other casualty to the Project or any portion thereof or eminent domain proceedings resulting in condemnation of the Project or any portion thereof, the Borrower shall have the right to rebuild the respective portion of the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Borrower Loan in balance and rebuild the respective portion of the Project in a manner that provides adequate security to the Governmental Lender (as determined by the Bank) for repayment of the Borrower Loan, or if such proceeds are insufficient, then the Borrower shall have funded any deficiency, (b) the Bank shall have the right to approve plans and specifications for any major rebuilding and the right

to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no continuing material default then exists by the Borrower under the Loan Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the Borrower Loan in a manner that provides adequate security to the Governmental Lender (as determined by the Bank) for repayment of the remaining balance of the Borrower Loan.

Section 6.24. Purchase Option/First Refusal Right. Notwithstanding anything to the contrary contained in the Loan Documents, the exercise of the Purchase Option or any right of first refusal provided for in the Partnership Agreement (a "First Refusal Right") shall not constitute a default under the Loan Documents or accelerate the maturity of the Borrower Loan thereunder. The exercise of the Purchase Option or First Refusal Right and any rights related to either thereof shall not constitute a default or accelerate the maturity of the Borrower Loan.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Each of the following shall be an "Event of Default":

(a) The Borrower shall fail to pay when due the amounts required to be paid under this Borrower Loan Agreement, the Continuing Covenant Agreement, the Deed of Trust, the Borrower Assignments or the Borrower Note when the same shall become due and payable in accordance with the terms of this Borrower Loan Agreement or the Borrower Note, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings; or

(b) The Borrower shall fail to perform or observe any of its covenants or agreements contained in this Borrower Loan Agreement, the Regulatory Agreement, the Borrower Note, the Disbursement Agreement, the Continuing Covenant Agreement or the Deed of Trust, other than as specified in paragraph (a) above, and such failure shall continue during and after the period specified in Section 7.2; or

(c) Any representation or warranty of the Borrower hereunder shall be determined by the Bank or the Governmental Lender to have been false or misleading in any material respect when made; or

(d) If there is, in the reasonable determination of the Bank, any material or adverse change in the financial condition of the Borrower affecting the Borrower's ability to repay the Borrower Loan or a filing of a complaint for receivership against the Borrower, or an Act of Bankruptcy, or if the Borrower becomes insolvent or makes a general assignment for the benefit of creditors or consents to the appointment of a receiver of all or any of its assets, or voluntarily suspends its usual business; or

(e) [Reserved];

(f) This Borrower Loan Agreement or any of the other Loan Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason; or

(g) Any of the preceding events occurs with respect to any general partner of the Borrower unless such general partner is replaced in accordance with the Partnership Agreement and the Continuing Covenant Agreement within the period provided in Section 7.2(b) below; or

(h) The resignation or expulsion of the general partner of the Borrower, unless the general partner is replaced in accordance with the Partnership Agreement within the period provided in Section 7.2(b) below; or

(i) Prior to the completion of construction of the Project, the construction of the Project is abandoned or work thereon ceases for a period of more than thirty (30) consecutive days for any reason except delays caused by Force Majeure, or the construction of the Project is not completed prior to the Completion Date (as defined in the Disbursement Agreement) unless such date has been extended with the written approval of the Bank, regardless of the reason for the delay except delays caused by Force Majeure; or

(j) Other than as permitted by the Loan Documents, any sale, transfer, hypothecation, assignment or conveyance of the Project or any portion thereof or interest therein by the Borrower except in accordance with the requirements set forth in the Regulatory Agreement; or

(k) All or any material portion of the Project is condemned, seized, or appropriated without compensation, and the Borrower does not within thirty (30) days after such condemnation, seizure, or appropriation, initiate and diligently prosecute appropriate action to contest in good faith the validity of such condemnation, seizure, or appropriation;

(l) The commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Borrower Loan, including a garnishment of any of the Borrower's accounts, including deposit accounts, with the Bank; however, this Event of Default shall not apply if there is a good faith dispute by the Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if the Borrower gives the Bank written notice of the creditor or forfeiture proceeding and deposits with the Bank monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by the Bank, in its sole discretion, as being an adequate reserve or bond for the dispute; or

(m) a material adverse change occurs in the Borrower's financial condition, or the Bank believes the prospect of payment or performance of the Borrower Loan is impaired.

Section 7.2. Notice of Default; Opportunity to Cure. If the Borrower has not been given notice of a similar default within the past twelve (12) months, a default described in any of Sections 7.1(b), (c), (e), (g), (h), (i), (j), (k), (l) or (m) hereof shall not constitute an Event of Default until:

(a) The Governmental Lender or the Bank, by registered or certified mail, shall give notice to the Borrower of such default specifying the same and stating that such notice is a "Notice of Default"; and

(b) The Borrower shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, that if the default stated in

the notice is of such a nature that it cannot be corrected within 30 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 30 days and diligently pursues such action until the default is corrected, but in no event later than 60 days after the occurrence of such Event of Default, and (ii) in the opinion of Tax Counsel to the Governmental Lender, the failure to cure said default within 30 days will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Governmental Lender Note.

Notwithstanding anything to the contrary contained in the Loan Documents, if a monetary default or event of default occurs under the terms of any of the Loan Documents, prior to exercising any remedies thereunder, the Governmental Lender or the Bank shall give the Borrower and the Equity Investor of the Borrower under its Partnership Agreement simultaneous written notice of such default. The Borrower shall have a period of ten (10) days after receipt of such notice, or such longer period of time as may be set forth in the applicable Loan Documents, to cure the default prior to exercise of remedies by the Governmental Lender under the Loan Documents.

Notwithstanding anything to the contrary contained in the Loan Documents, the Governmental Lender and the Bank hereby agree that any cure of any default made or tendered by the one or more of the Borrower's limited partners 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 7.3. Remedies. Whenever any Event of Default under Section 7.1 hereof shall have happened and be continuing, the Governmental Lender and the Bank may take whatever remedial steps as may be allowed under the law, this Borrower Loan Agreement and the other Loan Documents.

Section 7.4. Attorneys' Fees and Expenses. If an Event of Default occurs and if the Governmental Lender or the Bank should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Borrower contained herein, the Borrower on demand will pay to the Governmental Lender and/or the Bank the reasonable fees of such attorneys and the reasonable expenses so incurred, including court appeals.

Section 7.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Governmental Lender or the Bank 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 Borrower Loan Agreement or now or hereafter existing at law or in equity or by statute; provided, that the remedies are subject to the provisions of Section 5.2 of this Borrower Loan Agreement. 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 Governmental Lender or the Bank to exercise any remedy reserved to either of them in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Governmental Lender hereunder shall also extend to the Bank, as assignee of the Governmental Lender's interests in the Borrower Note, the Deed of Trust and this Borrower Loan Agreement, and the Bank, as assignee of the Governmental Lender's interests in the Borrower Note, the Deed of Trust and this Borrower Loan Agreement shall be deemed a third party beneficiary of all covenants and agreements herein contained.

Section 7.6. No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Borrower Loan Agreement should be breached by the Borrower

and thereafter waived by the Governmental Lender, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder including any other breach of the same agreement or covenant.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Entire Agreement. This Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement, the Deed of Trust and the other Loan Documents to which the Borrower is a party constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Governmental Lender and the Borrower with respect to the subject matter hereof.

Section 8.2. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Assignment or Bank Loan Document (a “notice”) shall be deemed to be given and made when delivered by hand, by recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed as follows:

If to the Borrower:	Baypoint Family Apartments, L.P. c/o Meta Housing Corporation 11150 West Olympic Boulevard, Suite 620 Los Angeles, California 90094 Attention: President Telephone: (310) 575-3543
with a copy to:	Bocarsly Emden Cowan Esmail & Arndt LLP 633 West 5th Street, 64th Floor Los Angeles, California 90071 Attention: Nicole Deddens, Esq. Telephone: (213) 239-8029
with a copy to:	[to come – Equity Partner’s address]
and a copy to:	[to come – Equity Partner’s attorney’s address]
If to the Governmental Lender:	County of Contra Costa, California Department of Conservation and Development 30 Muir Road Martinez, California 94553 Attention: Assistant Deputy Director Telephone: (925) 674-7888

If to the Bank: Pacific Western Bank
130 S. State College
Brea, California 92821
Attention: Jennifer D. Riddle
Email: jriddle@pacificwesternbank.com

with a copy to: Pacific Western Bank
444 South Flower Street, 14th Floor
Los Angeles, California 90071
Attention: Holly A. Hayes
Telephone: (213) 330-2073
Email: hhayes@pacificwesternbank.com

Any party may change such party's address for the notice or demands required under this Borrower Loan Agreement by providing written notice of such change of address to the other parties by written notice as provided herein.

Section 8.3. Assignments. This Borrower Loan Agreement may not be assigned by any party without the prior written consent of the other, except that the Governmental Lender shall assign to the Bank its rights under this Borrower Loan Agreement, the Bank may assign its rights hereunder to any transferee of the Governmental Lender Note subject to the requirements of the Bank Loan Agreement, and except also that the Borrower may assign to any transferee its rights under this Borrower Loan Agreement as provided by Section 6.2.

Section 8.4. Severability. If any provision of this Borrower Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.5. Execution of Counterparts. This Borrower 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.

Section 8.6. Amendments, Changes and Modifications. Except as otherwise provided in this Borrower Loan Agreement, subsequent to the issuance of the Borrower Note and prior to their payment in full, this Borrower Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto and the Bank.

Section 8.7. Governing Law and Venue. This Borrower Loan Agreement and the Governmental Lender Note are contracts made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State. This Borrower Loan Agreement and the Governmental Lender Note shall be enforceable in the State, and any action arising out of this Borrower Loan Agreement or the Governmental Lender Note shall be filed and maintained in the County, unless the Governmental Lender waives this requirement.

Section 8.8. Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE GOVERNMENTAL LENDER (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AUTHORITY LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY, AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY

JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF, FOR ANY REASON, THIS PROVISION IS DETERMINED TO BE UNENFORCEABLE, ALL MATTERS OTHERWISE SUBJECT TO JURY TRIAL SHALL BE SUBJECT TO THE JUDICIAL REFERENCE PROCEDURES SET FORTH IN THE FOLLOWING SECTION 8.9 OF THIS AUTHORITY LOAN AGREEMENT.

Section 8.9. Judicial Reference. The Governmental Lender and the Borrower hereby covenant the following:

(a) The parties prefer that any dispute between them be resolved in litigation subject to a jury trial waiver as set forth in this Borrower Loan Agreement, but the California Supreme Court has held that such pre-dispute jury trial waivers are unenforceable. This Section will be applicable until: (i) the California Supreme Court holds that a pre-dispute jury trial waiver provision similar to that contained in Section 8.8 of this Borrower Loan Agreement is valid or enforceable; or (ii) the California Legislature passes legislation and the governor of the State signs into law a statute authorizing pre-dispute jury trial waivers and as a result such waivers become enforceable.

(b) Other than the exercise of provisional remedies (any of which may be initiated pursuant to applicable law), any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Borrower Loan Agreement will be resolved by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Venue for the reference proceeding will be in the Superior Court or Federal District Court in the County (the "Court") unless waived by the Governmental Lender in writing.

(c) The referee shall be a retired Judge or Justice selected by mutual written agreement of the parties. If the parties do not agree, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. The referee shall be appointed to sit with all the powers provided by law. Pending appointment of the referee, the Court has power to issue temporary or provisional remedies.

(d) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within ninety (90) days after the date of the conference, and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(e) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15)

days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(f) Except as expressly set forth in this Borrower Loan Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when either party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(g) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State. The rules of evidence applicable to proceedings at law in the State will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision, and pursuant to CCP Section 644 the referee's decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court. The final judgment or order or from any appealable decision or order entered by the referee shall be fully appealable as provided by law. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(h) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired Judge or Justice, in accordance with the California Arbitration Act Section 1280 through Section 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

(i) THE PARTIES RECOGNIZE AND AGREE THAT ALL DISPUTES RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY AND FOR THEIR MUTUAL BENEFIT AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY DISPUTE BETWEEN THEM WHICH ARISES OUT OF OR IS RELATED TO THIS BORROWER LOAN AGREEMENT.

Section 8.10. Term of Agreement. This Borrower Loan Agreement shall be in full force and effect from the date hereof until such time as the Borrower Note shall have been fully paid or provision made for such payment. Time is of the essence in this Borrower Loan Agreement.

Section 8.11. Survival of Agreement. All agreements, representations and warranties made herein shall survive the making of the Borrower Loan.

Section 8.12. Expenses. The Borrower shall pay and indemnify the Governmental Lender and the Bank against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Bank, without gross negligence) and arising out of or in connection with the Loan Documents. These obligations and those in Section 6.7 shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Governmental Lender Note or termination of this Borrower Loan Agreement or the Bank Loan Agreement.

Section 8.13. Waiver of Personal Liability. No supervisor, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal (or prepayment price) or interest on the Governmental Lender Note or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Borrower Loan Agreement, but nothing herein contained shall relieve any such supervisor, officer, agent or employee from the performance of any official duty provided by law or by this Borrower Loan Agreement.

Section 8.14. Binding Effect; Third Party Beneficiary. This Borrower Loan Agreement shall inure to the benefit of and shall be binding upon the Governmental Lender, the Borrower and their respective successors and assigns. The Bank is intended to be a third party beneficiary of this Borrower Loan Agreement.

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

COUNTY OF CONTRA COSTA, CALIFORNIA

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

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

By: BayPoint Family Apartments, LLC,
a California limited liability company,
its administrative general partner

By: _____
Kasey Burke,
Vice President

By: CHBA Affordable IX, LLC,
a California limited liability company,
its managing general partner

By: _____
Graham Espley-Jones,
President

03007.44:J15308

[signature page to Loan Agreement – Baypoint Family Apartments]

EXHIBIT A

BORROWER NOTE

November __, 2018

Baypoint Family Apartments, L.P., a California limited partnership (the "Borrower"), for value received hereby promises to pay to the order of the County of Contra Costa, California (the "Governmental Lender"), or its successors and assigns, the sum of [_____] DOLLARS (\$[_____]), or so much thereof as may be advanced from time to time, together with interest on the advanced and unpaid amount of this Borrower Note at the applicable interest rate referred to below from November __, 2018 (the "Closing Date") until the Borrower's obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the portion of the Borrower Loan evidenced by this Borrower Note which has been advanced by or on behalf of the Governmental Lender under Section 3.4 of the Borrower Loan Agreement described below, and has not been repaid by the Borrower to the Governmental Lender as of the date of calculation of the Outstanding Balance.

This Borrower Note is issued to evidence the Borrower Loan by the Governmental Lender to the Borrower and the obligation of the Borrower to repay the same and shall be governed by and be payable in accordance with the terms and conditions (including the provisions of Section 5.2) of a Loan Agreement (the "Borrower Loan Agreement"), dated as of November 1, 2018, between the Governmental Lender and the Borrower pursuant to which the Governmental Lender has made the Borrower Loan. This Borrower Note, together with the Borrower Loan Agreement (except for certain provisions thereof, as described in Section 6.8 thereof), have been assigned to Pacific Western Bank (the "Bank") pursuant to an Assignment Agreement, dated as of November 1, 2018, by and between the Governmental Lender and the Bank. All payments on this Borrower Note shall be made by the Borrower to the Bank, as assignee of the Governmental Lender under said Assignment Agreement.

The Outstanding Balance of this Borrower Note shall be due and payable in its entirety on [_____] (the "Maturity Date").

Interest on this Borrower Note shall be payable to the Bank, as assignee of the Governmental Lender, in immediately available funds on the first day of each month, commencing December 1, 2018. This Borrower Note shall bear interest at a rate of [_____] percent ([_____]%) per annum from the Closing Date to (but not including) [_____, 20__] and shall bear interest from _____, ____ to (but not including) the Maturity Date at a rate of [_____] percent ([_____]%) per annum. Interest on this Borrower Note shall be computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Borrower Note shall be computed using this method. Principal of this Borrower Note shall be paid in part on the Conversion Date, as required by Section 2.01(e)(i) of the Continuing Covenant Agreement, and thereafter on the first day of the month based upon a schedule provided by the Bank computed upon a [thirty-five] year amortization schedule.

On and after a Determination of Taxability (as defined in the Continuing Covenant Agreement), this Borrower Note shall bear interest at the Taxable Interest Rate (as defined in the Continuing Covenant Agreement).

In the event the Borrower fails to make the timely payment of any monthly payment, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Borrower shall pay to the Bank a late charge in the amount of five percent (5.0%) of the monthly payment so due and payable. Upon the occurrence and during the continuance of an Event of Default (as defined in the Borrower Loan Agreement), the interest rate on this Borrower Note shall immediately increase to an interest rate equal to the interest rate that would otherwise be in effect plus five percent (5.0%) (the "Default Rate").

The Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the Borrower Loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law.

The principal of the portion of the Borrower Loan evidenced by this Borrower Note may be prepaid on any date, in whole or in part, upon 15 days prior written notice to the Bank and the Governmental Lender.

THIS BORROWER NOTE SHALL BE SECURED BY THE DEED OF TRUST, SECURITY AGREEMENT, ABSOLUTE ASSIGNMENT OF RENTS AND FIXTURE FILING (THE "DEED OF TRUST") MADE BY THE BORROWER, AS TRUSTOR, FOR THE BENEFIT OF THE GOVERNMENTAL LENDER, AS BENEFICIARY, NAMING NORTH AMERICAN TITLE COMPANY AS TRUSTEE THEREUNDER, AND DATED AS OF NOVEMBER 1, 2018. THE GOVERNMENTAL LENDER HAS ASSIGNED ITS INTERESTS UNDER SAID DEED OF TRUST TO THE BANK.

Upon the occurrence of an Event of Default under and as defined in the Borrower Loan Agreement and the decision by the Bank to accelerate the Borrower Loan, then all obligations secured by this Borrower Note may be declared due and payable, as provided in the Borrower Loan Agreement.

All sums due hereunder shall be paid in lawful money of the United States of America. All payments made hereunder shall be credited first against accrued and previously unpaid interest, against principal, with the balance applied against unpaid late charges.

The Borrower, for itself and its legal representatives, successors, and assigns expressly waives demand, notice of nonpayment, presentment for demand, presentment for the purpose of accelerating maturity, dishonor, notice of dishonor, protest, notice of protest, notice of maturity, and diligence in collection. The Borrower agrees to pay all court costs and reasonable attorneys' fees if counsel is engaged to assist in the collection of this Borrower Note after an Event of Default hereunder if any action is commenced to construe or enforce the terms of this Borrower Note.

From and after the Conversion Date (as defined in the Continuing Covenant Agreement), this Borrower Note and the Borrower Loan shall be nonrecourse obligations of the Borrower. From and after the Conversion Date, neither the Borrower or its partners, nor any director or employee of the Borrower or its partners, shall have any personal liability for repaying the principal of or interest on the Borrower Loan. From and after the Conversion Date, the sole recourse of the Governmental Lender or its assignee for repayment of the principal of and interest on the Borrower Loan shall be the exercise of rights under the Loan Documents (as defined in the Borrower Loan Agreement) and against such other property pledged or held thereunder for the benefit of the Governmental Lender or its assignee.

This Borrower Note is a contract made under the laws of the State of California and shall be governed by and construed in accordance with the Constitution and laws applicable to

contracts made and performed in the State of California. This Borrower Note shall be enforceable in the State of California, and any action arising out of this Borrower Note shall be filed and maintained in Contra Costa County, California, unless the Governmental Lender waives this requirement.

IN WITNESS WHEREOF, the Borrower has caused this Borrower Note to be executed in its name and on its behalf all as of the date set forth above.

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

By: BayPoint Family Apartments, LLC,
a California limited liability company,
its administrative general partner

By: _____
Kasey Burke,
Vice President

By: CHBA Affordable IX, LLC,
a California limited liability company,
its managing general partner

By: _____
Graham Espley-Jones,
President

[Signature Page to Borrower Note – Baypoint Family Apartments]

Endorsement to Bank

Pay to the order of Pacific Western Bank, without recourse.

Dated: November __, 2018

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____

John Kopchik,
Director, Department of
Conservation and Development

[Signature Page to Endorsement to Bank for Borrower Note –
Baypoint Family Apartments]