
LOAN AGREEMENT

by and among the

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA,

**500 FOLSOM, L.P.,
a California limited partnership,**

and

**BLOCK 9 MRU RESIDENTIAL, LLC,
a Delaware limited liability company**

dated as of December 1, 2016

**relating to:
\$132,000,000
City and County of San Francisco, California
Multifamily Housing Revenue Bonds, Series 2016E
(Lower 500 Folsom Residential)**

The interest of the City and County of San Francisco, California (the "City") in this Loan Agreement (except for certain rights described herein) has been pledged and assigned to U.S. Bank National Association, as trustee (the "Trustee"), under that certain Indenture of Trust, dated as of December 1, 2016, by and between the City and the Trustee.

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EXHIBIT A CITY AND COUNTY OF SAN FRANCISCO CONTRACTING PROVISIONS

LOAN AGREEMENT

THIS LOAN AGREEMENT (as supplemented and amended from time to time, the "Loan Agreement"), dated as of December 1, 2016, is by and among the City and County of San Francisco, California, a municipal corporation duly organized and existing pursuant to its charter and the laws and constitution of the State of California (the "City"), Block 9 MRU Residential, LLC, a Delaware limited liability company (the "Market Borrower"), and 500 Folsom, L.P., a California limited partnership (the "Affordable Borrower" and, together with the Market Borrower, the "Borrowers").

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. Capitalized terms used in this Loan Agreement have the meanings given to such terms in Section 1.01 of the Indenture of Trust, dated as of December 1, 2016, between the City and U.S. Bank National Association, as trustee.

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 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. Titles and Headings.

(a) The titles and headings of the articles and sections of this 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 Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

(b) All accounting terms not otherwise defined in Section 1.01 of the Indenture, when used in this Loan Agreement, shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to "Approved Accounting Method" refer to such method as it exists at the date of the application thereof.

(c) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(d) References to the Bonds as "tax exempt" or the tax exempt status of the Bonds are to the exclusion of interest on the Bonds (other than Bonds held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(a) The City is a municipal corporation, duly organized and validly existing under its charter and the constitution and laws of the State. Under the provisions of the Act, the City has the power to enter into the transactions on its part contemplated by this Loan Agreement, the Indenture, the Bond Purchase Agreement and the Regulatory Agreement (collectively, the "City Documents") and to carry out its obligations hereunder and thereunder. The financing of the Project constitutes and will constitute a permissible public purpose under the Act. By proper action, the City has authorized the execution, delivery and due performance of its obligations under the City Documents.

(b) Neither the execution and delivery of the Bonds and the City Documents, nor the City's compliance with the terms, conditions or provisions on the part of the City in the Bonds and the City Documents, to the knowledge of the City without investigation, conflicts in any material respect with or results in a material breach of any of the terms, conditions or provisions of any constitution or statute of the State, or of any agreement, instrument, judgment, order or decree to which the City is now a party or by which it is bound or constitutes a material default by the City under any of the foregoing.

(c) The City has not created and will not create any debt, lien or charge upon the asset and monies explicitly pledged to the repayment of the Bonds under the Indenture, and has not made and will not make any pledge or assignment of or create any encumbrance thereon, other than the pledge and assignment thereof under the Indenture.

(d) The City has complied and will comply with all material provisions of the Act to be complied with by the City applicable to the Bonds and the transactions contemplated by this Loan Agreement and the other City Documents.

(e) The Bonds are being issued under the Indenture, and are secured by the Indenture pursuant to which the City's interest in this Loan Agreement (other than the Reserved Rights) is pledged and assigned to the Trustee. The City covenants that it has not pledged and will not pledge or assign its interest in this Loan Agreement other than to the Trustee under the Indenture.

(f) No litigation or administrative action of any nature has been served on the City and is now pending (i) seeking to restrain or enjoin the execution and delivery of the Indenture, this Loan Agreement or the Regulatory Agreement, or in any manner questioning the proceedings or authority of the City relating thereto or otherwise affecting the validity of the Bonds, or (ii) challenging the existence or authority of the City or its officers or that of the members of the Board of Supervisors or its officers and, to the knowledge of the City, none of the foregoing are threatened.

The City makes no representation or warranty that the Project will be adequate or sufficient for the purposes of the Borrowers. Nothing in this Agreement shall be construed as requiring the Authority to provide any financing for the Project other than the proceeds of the Bonds.

Section 2.2. Representations, Warranties and Covenants of the Borrowers. (a) Each of the Affordable Borrower and the Market Borrower with respect to itself, and not with respect to the other Borrower, hereby represents, warrants and covenants that:

(i) It is in good standing in the State and has full legal right, power and authority under the laws of the United States of America and the State (A) to enter into this Loan Agreement and the other Bond Documents to which it is a party; (B) to perform its obligations hereunder and thereunder; and (C) to consummate the transactions on its part contemplated by the Bond Documents. The Person executing the Bond Documents for it to which it is a party is fully authorized to execute the same. The Bond Documents to which it is a party have been duly authorized, executed and delivered by it. Its sole business is the ownership, management and operation of its respective interests in the Project.

(ii) Upon the execution and delivery thereof by the parties thereto, each of the Bond Documents to which it is a party will constitute a valid and binding obligations of it, enforceable upon it in accordance with its respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting creditors' rights generally and by judicial discretion in the exercise of equitable remedies.

(iii) The execution and delivery of the Bond Documents to which it is a party, the performance by it of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby will not violate its formation documents, 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 it is a party or by which it or any of its property is bound.

(iv) No consent or approval of any trustee or holder of any indebtedness of it, and to the best of its knowledge and only with respect to it, no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except no representation is made with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery by it of the Bond Documents to which it is a party, or the consummation of any transaction on its part herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(v) No litigation or administrative action of any nature has been served on it and is now pending (i) seeking to restrain or enjoin the execution and delivery of any of the Bond Documents, or in any manner questioning the proceedings or authority of it relating thereto or otherwise affecting the validity of the Bonds, or (iii) challenging the existence or authority of it or its partners or members, as applicable, and, to its knowledge none of the foregoing are threatened.

(vi) It has not received any written notice declaring that it is not in default under any document, instrument or commitment to which it is a party or to which it or any of its property is subject which default would or could affect its ability to carry out its obligations under this Loan Agreement and the other Bond Documents to which it is a party.

(vii) It acknowledges, represents and warrants that it understands the nature and structure of the Project; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of its interests in the Project; and that it has not relied on the City for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the City in any manner except to issue the Bonds in order to provide funds to make the Loan.

(viii) It has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation (other than a "substantial user" of the Project or a "related person," as such terms are used in Section 147(a) of the Code).

(ix) It covenants that it will not take, or knowingly cause or suffer to be taken by the Trustee, any action with respect to the proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(x) It is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and it has no knowledge of any Person contemplating the filing of any such petition against it. As of the Closing Date, it has the ability to pay its debts as they become due.

(xi) No statement of fact made by it in any Bond Documents to which it is a party contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein in light of the circumstances in which they were made, not misleading. There is no material fact or circumstance presently known to it that has not been disclosed to the Bondholder Representative and the City which materially and adversely affects the Project or its business, operations or financial condition or business prospect or its ability to meet its obligations under this Loan Agreement and the other Bond Documents to which it is a party in a timely manner.

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

(xiii) It has not received written notice of default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect its financial condition or its business. There has not been committed by it or any Affiliate of it involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against its interests in the Project or any part thereof or any moneys paid in performance of its obligations under any Bond Document to which it is a party.

(xiv) All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the City or the Bondholder Representative in respect of the Project by or on its behalf, to the best of its knowledge, (A) are accurate and complete in all material respects, (B) accurately represent the financial condition of the Project as of the date of such reports, and (C) to the extent

prepared by an independent certified public accounting firm, have been prepared in accordance with the Approved Accounting Method, except as disclosed therein. Other than as discussed in its financial information provided to the Bondholder Representative in writing, it has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in its financial condition, operations or business from that set forth in said financial statements.

(xv) It has not received written notice of any Condemnation or other proceeding that has been commenced and, to its' knowledge, no Condemnation or other proceeding has commenced or is contemplated, threatened or pending with respect to all or part of the Project or for any relocation of any roadways providing access to the Project.

(xvi) It is not a "foreign person" within the meaning of §1445(f)(3) of the Code.

(xvii) Its interests in the Bond Documents are not subject to, and it has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

(xviii) It has not received written notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would adversely affect the Project's insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond.

(xix) It hereby represents, covenants and agrees to comply with the provisions of all applicable state laws relating to the Bonds and the Project.

(xx) It is not (A) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; or (B) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(xxi) It has not accepted its interests in the Loan or entered into any Bond Document with the actual intent to hinder, delay or defraud any creditor, and it has received reasonably equivalent value in exchange for its obligations under the Bond Documents. Giving effect to the transactions contemplated by the Bond Documents, the fair saleable value of its assets exceeds and will, immediately following the execution and delivery of the Bond Documents, exceed the its total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. To the best of its' knowledge, the fair saleable value of its assets (which assets shall include any interests it may have in any cash proceeds held in escrow or pursuant to the Investment Agreement in connection with either the Bonds or any subordinate debt of the Project) is and will, immediately following the execution and delivery of the Bond Documents, be greater than its then liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. Its assets do not and, immediately following the execution and delivery of the Bond Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. It does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of its obligations).

(xxii) Unless prior Written Notice is given to the City, the Trustee and the Bondholder Representative, it has not used and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. Its principal place of business is its primary address for notices as set forth in Section 12.06 of Indenture, and it has no other place of business, other than the Project and such principal place of business.

(xxiii) By its execution and delivery of this Loan Agreement, it approves the form and substance of the Indenture, and agrees to carry out the responsibilities and duties specified in the Indenture to be carried out by it.

(b) The Borrowers represent, warrant and covenant that:

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

(ii) The Project is located wholly within the City.

(iii) The Borrowers will take all actions on their part to be taken to obtain all necessary certificates, approvals, permits and authorizations with respect to the construction and operation of the Project from applicable local governmental agencies and agencies of the State and the federal government.

(iv) The Borrowers shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income of the owners thereof for federal income tax purposes of the interest on the Bonds (other than the exclusion from gross income of the interest on the Bonds in respect of a "substantial user" of the Project or a "related person," as such terms are used in Section 147(a) of the Code). The Borrowers intend to utilize all of the units that comprise the Project as multifamily rental housing during the Qualified Project Period.

(v) Not in excess of two percent (2%) of the proceeds of the Bonds will be used to pay Issuance Costs.

(vi) The construction and operation of the Project in the manner presently contemplated and as described herein, in the Construction Funding Agreement 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 Borrowers 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.

(vii) In the event the Loan proceeds are not sufficient to complete the construction and equipping of the Project and the payment of all Issuance Costs, the Borrowers will furnish or cause to be furnished any additional moneys necessary to complete the construction and equipping of the Project and to pay all Issuance Costs.

(viii) All of the proceeds from the Loan plus the income from the investment of the proceeds of the Loan will be used to pay or reimburse the Borrowers for Project Costs, and at least ninety-seven percent (97%) of the proceeds of the Loan will be used to

pay or reimburse the Borrowers for Qualified Project Costs and less than twenty-five percent (25%) of such amount will be used to pay or reimburse the Borrowers for the cost of land or any interest therein. The Borrowers shall assure that the proceeds of the Loan are expended so as to cause the Bonds to constitute "qualified residential rental bonds" within the meaning of Section 142(d) of the Code.

(ix) The estimated total cost of the financing of the construction of the Project is equal to or in excess of the principal amount of the Loan.

(x) The Borrowers have marketable title to the Project, free and clear of all Liens except the Permitted Encumbrances. The Deed of Trust, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (A) a valid, first priority monetary lien on the fee interest in the Project and (B) perfected security interests in and to, and perfected collateral assignments of, all personalty included in the Project (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrowers' knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project, nor are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Bond Documents.

(xi) The Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements.

(xii) No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Bond Document.

(xiii) To the best of the Borrowers' knowledge, the Project is or will be served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project or through a valid easement, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project for its current purpose have been or will be completed and, if required, dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Encumbrances, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrowers, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (A) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (B) the parties who benefit from and who are burdened by such easement and/or recreational facilities and amenities must be specified, (C) the Borrowers' responsibilities are specified and the manner of calculation of the Borrowers' share of expenses is specified, and (D) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

(xiv) The Borrowers have obtained the insurance required by Section 6.39 hereof and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Loan Agreement and the Deed of Trust.

(xv) The Project will be used as a multifamily residential rental project and other appurtenant and related uses (including approximately 6,750 square feet of retail space which is not part of the Project, and the construction and equipping of which are not being financed with proceeds of the Loan, as the costs thereof are not Project Costs), which use is consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction, development and equipping of the Project have been or will be obtained. To the Borrowers' knowledge, all Licenses obtained by the Borrowers have been validly issued and are in full force and effect. The Borrowers have no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrowers will not be obtained by the Borrowers in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Deed of Trust or deed in lieu of foreclosure thereunder. No proceedings that would result in a change of the zoning of the Project not consistent with the presently contemplated uses of the Project described in this paragraph are, to the best of the Borrowers' knowledge, pending or threatened.

(xvi) As of the Closing Date, no structure within the property subject to the Deed of Trust lies or is located in an identifiable or designated Special Flood Hazard Area. Subsequent to the Closing Date, if the property subject to the Deed of Trust is determined to be in a Special Flood Hazard Area, the Borrowers will obtain appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as required by the Servicer pursuant to its underwriting guidelines.

(xvii) The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, are or, after completion of the construction thereof and receipt of certificates of occupancy applicable thereto, will be in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted).

(xviii) The physical configuration of the Project is not in material violation of the Americans with Disabilities Act, if required under applicable law.

(xix) All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and no improvement on an adjoining property encroaches upon the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value or marketability of the Project, except those insured against by the Title Insurance Policy or disclosed in the survey of the Project as approved by the Servicer.

(xx) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal

Requirements in connection with the transfer of the Project to the Borrowers have been or will be paid on or prior to the Closing Date. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Bond Documents to which the Borrowers are a party have been or will be paid.

(xxi) There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted secured indebtedness described in Section 6.33, except an unsecured deferred developer fee and construction management fee not to exceed the amount permitted by Bondholder Representative as determined on the Closing Date.

(xxii) The Project, as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990 ("ADA"), to the extent required (as evidenced by an architect's certificate to such effect).

(xxiii) The Project satisfies all requirements of the Act and the Code applicable to the Project.

(xxiv) The Project is, as of the date of issuance of the Bonds, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable; and the Borrowers intend to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws.

(c) The Market Borrower represents, warrants and covenants that:

(i) It is a limited liability company, duly organized and existing under the laws of the State of Delaware.

(ii) It intends to hold its interests in the Project for its own account, and has no current plans to sell and has not entered into an agreement to sell any of its interests in the Project.

(d) The Affordable Borrower represents, warrants and covenants that:

(i) It is a limited partnership, duly organized and existing under the laws of the State.

(ii) It intends to hold its interest in the Project for its own account, and has no current plans to sell and has not entered into any agreement to sell any of its interests in the Project. It is hereby acknowledged, however, that the Affordable Borrower's partnership agreement does refer to certain rights of one or more of its partners to acquire the Affordable Borrower's interests in the Affordable Project, or to acquire certain of the partners' interests in the Affordable Borrower, and for the possible acquisition of the Affordable Project or the acquisition of the partners' interests in the Affordable Borrower following the fifteen year tax credit compliance period as referenced in the Borrower's partnership agreement, and those provisions shall not result in a breach of this Section 2.2(d)(ii).

It is hereby acknowledged that, for purposes of this Loan Agreement, the term “knowledge” with regard to any person means known to, or with reasonable investigation should be known to, such person, and if such person is an entity, to any officer, director, general partner, of manager of such person.

Section 2.3. Hazardous Waste Covenant. In addition to and without limitation of any other representations, warranties and covenants made by the Borrowers under this Loan Agreement and under the other Loan Documents, the Borrowers further represent, warrant and covenant that the Borrowers will not use or permit Hazardous Materials (as defined hereinafter) on, from, or affecting the Project (a) 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 (b) in a manner that would create a material adverse effect on the Project. Without limiting the foregoing, the Borrowers shall not cause or 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 Borrowers cause or knowingly permit, as a result of any intentional or unintentional act or omission on the part of the Borrowers 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 Borrowers 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 Borrowers 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 Borrowers shall defend, indemnify, and hold harmless the City 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 City, 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 Loan Agreement is terminated, the Borrowers 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 Section 2.3 and Section 2.4, “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, ordinances, rules, or regulations. The provisions of this Section 2.3: (a) shall not apply to lawful conditions permitted by an O&M Program (defined in the Loan Documents) or the safe and lawful use and storage of quantities of (i) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, renovation, operation, maintenance or use of comparable multifamily properties, (ii) cleaning materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Project; and (iii) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Project's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws (defined in the Deed of Trust), (b) shall be in addition to any and all other obligations and liabilities the Borrowers may have to the City at common law, and (c) with respect to any liability or cost arising as a result of acts or omissions of the Borrowers during the term of this Loan Agreement, shall survive the termination of this Loan Agreement. This Section 2.3 shall not obligate the Borrowers in any way with respect to any acts or omissions of any entity that succeeds the Borrowers or either of them as owner of the Project.

The indemnifications and protections set forth in this Section 2.3 (i) shall be extended, with respect to the City, to the members of its Board of Supervisors, officers, employees, agents and servants and persons under the City's control or supervision, and (ii) shall be for the full and equal benefit of the Trustee, as assignee of the City under the Indenture.

Anything to the contrary in this Loan Agreement notwithstanding, the covenants of the Borrowers contained in this Section 2.3 shall remain in full force and effect after the termination of this 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 expense and charges incurred by the City relating to the enforcement of the provisions herein specified.

For the purposes of this Section 2.3, neither of the Borrowers shall be deemed an employee, agent or servant of the City or person under City's control or supervision.

Section 2.4. Additional Environmental Matters. (a) The Borrowers 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 1970, 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 of Hazardous Materials to air, water, land or ground water, (ii) to the withdrawal or use of ground water, (iii) to the use, handling or disposal of 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 Borrowers shall keep the Project free and clear of any liens or encumbrances securing payment of the costs of any response, removal or remedial action or cleanup of Hazardous Materials (as defined in Section 2.3).

(c) The Borrowers covenant and agree that they 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 as permitted under the Bond Documents), 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 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 non-diminimis 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 Borrowers covenant and agree that they 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 Borrowers are liable under state, federal or local environmental rules or regulations.

(e) The Borrowers shall, as soon as practicable and in any event within fifteen (15) days of its receipt thereof, notify the City and the Bondholder Representative of any notice, letter, citation, order, warning, complaint, claim or demand that (i) the Borrowers 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 Borrowers or either of them 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 for any environmental law, rule or regulation arising from or costs incurred by such governmental entity in response to a release of a Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof).

(f) During the period in which this Loan Agreement is in effect, the Borrowers hereby grant the City and the Trustee, and their respective agents, attorneys, employees, consultants and contractors, an irrevocable license and authorization upon reasonable prior written notice of not less than three (3) days, or twenty-four (24) hours in the case of an emergency, 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 City or the Trustee, in their respective reasonable discretion, determine are necessary to protect the lien created by the Deed of Trust. Such entry, inspection, and testing shall be

conducted in a manner which does not interfere with any tenant's right of occupancy or disturb any tenant's right of peaceable quiet enjoyment. The provisions of this Section 2.4 shall be for the full and equal benefit of the City, and of the Trustee as assignee of the City under the Indenture.

Section 2.5. Survival of Representations and Covenants. All of the representations and warranties in Sections 2.1, 2.2, 2.3 and 2.4 and elsewhere in the Bond Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing, except that the representations and warranties of the Affordable Borrower shall terminate and be of no further force and effect as to matters arising from and after the Release Date, and (ii) shall be deemed to have been relied upon by the Servicer, the Trustee, the Bondholder Representative and the Bondholders notwithstanding any investigation heretofore or hereafter made by the Servicer, the Trustee, the Bondholder Representative or the Bondholders or on its behalf, provided, however, that the representations, warranties and covenants set forth in Sections 2.3 and 2.4 shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 5.4.

ARTICLE III

THE LOAN

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

(a) the City shall have received an original executed counterpart of this Loan Agreement, the Note, the Tax Certificate, the Regulatory Agreement, the Bond Purchase Agreement and the Deed of Trust, together with evidence satisfactory to the City of the recordation of the Regulatory Agreement and the Deed of Trust in the official records of the County Recorder of the City, which may be by telephonic notice from a title company (or, in lieu of such recordation, that such documents have been delivered to an authorized agent of the title company for recordation under binding recording instructions from Bondowner's counsel or such other counsel as may be acceptable to the City and Bondowner);

(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 Loan Agreement shall have occurred and the Borrowers shall have so certified in writing;

(c) all legal matters incident to the transactions contemplated by this Loan Agreement shall be concluded to the reasonable satisfaction of counsel to the City;

(d) counsel to the Borrowers shall have delivered one or more opinions in form satisfactory to counsel to the City, Bond Counsel and counsel to the Bondholder Representative regarding the enforceability against the Affordable Borrower and the Market Borrower of each of the documents to which the Borrowers are parties;

(e) delivery to the Trustee for deposit in the Costs of Issuance Fund, or into escrow with the title company (or separate escrow company, if applicable), of all amounts required to be paid in connection with the origination of the Loan and any underlying real estate transfers or transactions (including all Issuance Costs), as specified in written instructions delivered to the title company by counsel to the Bondholder Representative (or such other counsel as may be acceptable to the

Bondholder Representative) and/or as specified in a closing memorandum of the Bondholder Representative; and

(f) the Construction Funding Agreement shall have been executed by the parties thereto, and all conditions to the purchase of the Bonds provided therein and in the Bond Purchase Agreement shall have been satisfied as evidenced by the advancement by the Bond Purchasers of the Initial Disbursement.

Section 3.2. Commitment to Execute the Note. The Borrowers shall execute and deliver the Note, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and the Deed of Trust simultaneously with the execution by them of this Loan Agreement.

Section 3.3. Making of the Loan. The City hereby makes to the Borrowers and agrees to fund, and the Borrowers hereby accept from the City, upon the terms and conditions set forth herein and in the Construction Funding Agreement, the Loan and agree to have the proceeds of the Loan applied and disbursed in accordance with the provisions of this Loan Agreement and the Construction Funding Agreement.

Section 3.4. Disbursement of Loan Proceeds and Other Amounts. (a) The City hereby authorizes and directs the first funding and disbursement of the Loan on the Closing Date in an amount equal to the Initial Disbursement, subject to the conditions set forth in Section 3.1 above and the conditions set forth in the Construction Funding Agreement. Subject to the foregoing, the Borrowers hereby authorize the City to disburse on the date of execution and delivery of the Note, the Initial Disbursement representing the first advance of the principal amount of Loan to be transferred to or for the benefit of the Borrowers to be used to pay Qualified Project Costs.

(b) The Trustee shall make disbursements of the remaining principal amount of the Loan directly to or for the benefit of the Borrowers subject to Section 3.03 of the Indenture, and on the terms and subject to the conditions set forth in the Construction Funding Agreement, and as follows: the parties express and acknowledge their mutual intent that the proceeds of the Loan which are proceeds of the Bonds be used exclusively to pay the Project Costs which are includable in the aggregate basis of any building (the "Allowable Costs"), in order to comply with Section 42(h)(4)(B) of the Internal Revenue Code of 1986, as amended. The City hereby authorizes and requests that the Borrowers maintain such accounting and other records as shall be necessary to carry out the mutual intent of the parties with respect to tracing the use of the Bond proceeds, and the City shall have no responsibility whatsoever with respect thereto. To further evidence their mutual intent, each disbursement of proceeds of the Loan shall: (i) identify the respective amounts of proceeds of the Bonds and the other sources of funds comprising each such disbursement, and (ii) be made such that proceeds of the Bonds may be deposited in a specially designated account which can be used only to pay Allowable Costs, and that the proceeds of the other sources of funds may be deposited into another, separate account or that such proceeds may otherwise be traced on the books and records of the Borrower in a manner sufficient to carry out the intent of the parties expressed hereinabove, and the Borrowers (and not the City) shall be responsible for all such matters.

(c) Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee in accordance with the instructions received from the City or the Borrowers pursuant to Section 5.05 of the Indenture.

ARTICLE IV

LIMITED LIABILITY

Section 4.1. Limited Liability of the City. Notwithstanding anything herein or in any other instrument to the contrary, the City shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or any of the other Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrowers under this Loan Agreement. All obligations and any liability of the City shall be further limited as provided in Sections 5.01(d), 6.16, 7.17 and 12.09 of the Indenture.

The Borrowers hereby acknowledge that the City's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrowers pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agree that if the payments to be made hereunder shall ever prove insufficient to pay all Bond Obligations as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon written notice from the Trustee, the Borrowers shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such Bond Obligations, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrowers, the City or any third party, subject to any right of reimbursement from the Trustee, the City or any such third party, as the case may be, therefor.

Section 4.2. Limitation on Liability of Bondholder Representative's Officers, Employees, Etc. Any obligation or liability whatsoever of the Bondholder Representative that may arise at any time under this Loan Agreement or any other Loan Document shall be satisfied, if at all, out of the Bondholder Representative's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Bondholder Representative's shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

ARTICLE V

REPAYMENT OF THE LOAN

Section 5.1. Loan Repayment. (a) The Borrowers shall make Loan Payments in accordance with and subject to the terms of the Note. Each Loan Payment made by the Borrowers shall be made in funds immediately available to the Trustee or the Servicer by 2:00 p.m., New York City time, on the Loan Payment Date. Each such payment shall be made to the Trustee or the Servicer by deposit to such account as the Trustee or Servicer, as applicable, may designate by Written Notice to the Borrowers. Whenever any Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrowers shall make Loan Payments in accordance with the Note in the amounts and at the times necessary to make all payments due and payable on the Bonds. All payments made by the Borrowers hereunder or by the Borrowers under the other Bond Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) Except as otherwise set forth in the Indenture, the Borrowers and the City each acknowledge that neither the Borrowers nor the City has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in

the custody of and (except for monies in the Rebate Fund and monies due the City on deposit in the Expense Fund) held by the Trustee in trust for the benefit of the Bondholders.

(c) Unless there is no Servicer, payments of principal and interest on the Note shall be paid by the Borrowers to the Servicer. If there is no Servicer, payments of principal and interest on the Note shall be paid by the Borrowers directly to Trustee.

(d) The Borrowers shall pay to the Trustee on demand the following amounts; provided, however that the Borrowers shall not be responsible for any costs associated with any securitization of the Bonds:

(i) the Rebate Amount then due, if any, to be deposited by the Trustee in the Rebate Fund as specified in Section 5.06 of the Indenture and the costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Loan Payment);

(ii) all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the City (above and beyond the Trustee's Fee or the Issuer's Ongoing Fee) incurred under the Indenture, as and when the same become due;

(iii) all Issuance Costs and fees, charges and expenses, including agent and counsel fees incurred in connection with the issuance of the Bonds, as and when the same become due, to the extent not paid from the Costs of Issuance Fund;

(iv) all charges, costs, advances, indemnities and expenses, including agent and counsel fees (other than Issuance Costs paid on the Closing Date), of the City incurred by the City at any time in connection with the Bonds or the Project, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Bond Documents or any other documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit; and

(v) all late charges due and payable under the terms of the Note and Section 5.1(1) herein; provided, however, that all payments made pursuant to this subsection (e) shall be made to the Servicer, if there is no Servicer, such payments shall be made to the Trustee.

(e) The Borrowers shall pay to the party entitled thereto as expressly set forth in this Loan Agreement or the other Bond Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Loan Agreement, the Regulatory Agreement, the Indenture or any other Loan Document or Bond Document by the City, the Servicer, the Bondholder Representative, the Trustee or the Bondholders;

(ii) all other payments of whatever nature that the Borrowers have agreed to pay or assume under the provisions of this Loan Agreement, the Indenture and any other Bond Document; and

(iii) all expenses, costs and fees relating to inspections of the Project required by the Bondholder Representative or the Servicer in accordance with the Bond Documents or to reimburse such parties for such expenses, costs and fees.

(f) The Borrowers further agree 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 Borrowers reserve 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 Borrowers agree to pay any loan fee, processing fee and all title, escrow, recording and closing costs and expenses, any appraisal costs and all other reasonable fees and costs associated with or required in connection with the Bonds, the Regulatory Agreement and Indenture; including but not limited to any such amounts described in Section 8.06 of the Indenture.

(g) The Borrowers hereby acknowledge and consent to the assignment by the City to the Trustee of the City's rights under the Note, the Deed of Trust, this Loan Agreement and the other Loan Documents (excepting only the Reserved Rights), and the appointment of the Trustee as agent of the City to collect the payments on the Loan (to the extent made to the Trustee under Section 5.1(c)), all as set forth herein and in the Indenture.

(h) The Borrowers hereby agree to pay the City fees and expenses described in Section 18 of the Regulatory Agreement.

(i) The Borrowers agree to pay to the City within fifteen (15) days after receipt of request for payment thereof, all expenses of the City (including salaries and wages of City employees) related to the financing of the Project (and not including matters related solely to the construction of the Project) that are not otherwise required to be paid by the Borrowers under the terms of this Loan Agreement (including Section 5.1(d)(iv) above) and are not paid from disbursements of the Loan or from the Expense Fund under the Indenture, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds.

(j) The Borrowers agree to pay to the Trustee, immediately upon demand for payment thereof, its fees and all reasonable out-of-pocket expenses of the Trustee in connection with its serving as Trustee under the Indenture that are not otherwise required to be paid by the Borrowers under the terms of this Loan Agreement, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds.

(k) The Borrowers shall deposit or cause to be deposited with the Trustee on the Closing Date an amount equal to the Initial Bond Fund Deposit and other deposits as set forth in Section 3.02 of the Indenture. The Borrowers shall deposit or cause to be deposited with the Trustee on the date of execution and delivery of this Loan Agreement an amount equal to the Costs of Issuance Deposit.

(l) If any Borrower Payment Obligation is not paid by or on behalf of the Borrowers when due, the Borrowers shall pay to the Servicer a Late Charge in the amount and to the extent set forth in the Note, if any. Any such Late Charge shall not be deemed to be additional interest or a penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance. Late Charges shall be secured by the applicable Bond Documents. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, nor act as a waiver of any other rights, that the Servicer, the City, the Trustee or the Bondholder Representative may have as provided herein, at law or in equity.

Section 5.2. Optional Prepayment of Note. The Borrowers shall have the option to prepay the Note to the extent and in the manner set forth therein, exercisable by Written Notice to the City and the Trustee given at least 60 days prior to the proposed prepayment date (or such shorter time as agreed to by Bondholder Representative in its sole discretion), for the purpose of redeeming Outstanding Bonds in accordance with Section 4.01(a) of the Indenture on a permitted redemption date of the Bonds or paying the Bonds at maturity.

In connection with any such proposed prepayment, if the Bonds are not credit enhanced by a Credit Facility, the Borrowers shall deposit funds with the Trustee by 12:00 p.m. New York City time on the date of prepayment at a prepayment price equal to the principal balance of the Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Note, plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of Bonds and payment of all amounts due hereunder. The Borrowers shall deliver such certifications and shall satisfy such conditions as set forth in Section 4.01(a) of the Indenture with respect to the optional redemption of Bonds. If the Bonds are not then callable, the prepayment price set forth above shall be calculated pursuant to Section 10.02 of the Indenture.

Section 5.3. Mandatory Prepayment of Note. The Borrowers shall prepay the Note at the direction of the Bondholder Representative, in whole or in part, at a prepayment price equal to the principal balance of the Note to be prepaid, plus accrued interest plus any other amounts payable under the Note or this Loan Agreement, for the purpose of redeeming the Bonds as provided in Sections 4.01(b) through 4.01(g) of the Indenture, upon the occurrence of any event or condition described below:

(a) in whole or in part, if the Project shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Deed of Trust following such event of damage or destruction; or

(b) in whole or in part, if title to, or the use of, all or a portion of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority and the proceeds of any condemnation award with respect to the Project are not applied to the restoration of the Project but are applied to and result in a prepayment of the Note under the conditions described in the Deed of Trust; or

(c) in whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Project are not applied to restoration of the Project in accordance with the provisions of the Deed of Trust;

(d) in whole, on the date fifteen (15) days prior to (or such other date consented to in writing by the Bondholder Representative) the date on which the Bonds may become subject to mandatory redemption pursuant to Section 4.01(h) of the Indenture;

(e) upon an Determination of Taxability, in whole on any date specified in a Written Notice of the Borrowers to the City and the Trustee given at least 20 days prior to the proposed prepayment date, which date shall be no more than 90 days after the date of the Determination of Taxability; and

(f) as otherwise provided in the Note, the Conversion Agreement or the Deed of Trust.

Such prepayment shall be due and payable by no later than 12:00 p.m., Trustee local time, on the date fixed by the Trustee for redemption of the Bonds pursuant to Section 4.01(c) or 4.01(h) of the Indenture, which date shall be communicated by the Trustee in writing to the City, the Bondholder Representative, the Bondholders and the Borrowers in accordance with the Indenture. To the extent that the Borrowers or the Trustee receive any insurance proceeds or condemnation awards that are to be applied to the prepayment of the Note, such amounts shall be applied to the prepayment of the Note and the corresponding redemption of the Bonds.

Section 5.4. Nature of the Borrowers' Obligations. The Borrowers shall repay the Loan subject to and in accordance with the terms of the Note and the Construction Funding Agreement irrespective of any rights of set-off, recoupment or counterclaim the Borrowers might otherwise have against the City or any other person. The Borrowers will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the construction or operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the 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 City or the Borrowers 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 Note; it being the intention of the parties that, as long as the Note or any portion thereof remains outstanding and unpaid, the obligation of the Borrowers to repay the Loan and provide such moneys shall continue in all events. This Section 5.4 shall not be construed to release the Borrowers from any of its obligations hereunder, or, except as provided in this Section 5.4, to prevent or restrict the Borrowers from asserting any rights which it may have against the City under the Note or the Deed of Trust or under any provision of law or to prevent or restrict the Borrowers, at their own cost and expense, from prosecuting or defending any action or proceeding by or against the City, the Bondholder Representative, the Servicer or the Trustee or taking any other action to protect or secure its rights.

Notwithstanding the foregoing but subject to the provisions of the Construction Funding Agreement and Section 5.6 below, if the Conversion Date occurs, then at all times following the Conversion Date neither the Borrowers nor any partner, member, manager, shareholder or employee of the Borrowers nor the partners, members, managers, officers, directors, or shareholders of the Borrowers, shall be personally liable for the amounts owing under the Note or the Deed of Trust; and the City's remedies in the event of a default under the Loan following the Conversion Date shall be limited to those remedies set forth in Section 7.2 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 Indenture, no assignment by the City of its rights hereunder shall preclude the City from proceeding directly against the Borrowers in connection with the obligation of the Borrowers to indemnify the City under Section 6.15 hereof or Section 8 of the Regulatory Agreement, or to make any payment to the City required to be paid by the Borrowers pursuant to the provisions of Sections 2.3, 2.4, 5.1(d), 5.1(e), 5.1(h), 5.1(i) or 7.4 hereof.

Section 5.5. Security for the Bonds.

(a) As security for the Bonds, the City has pledged and assigned the Trust Estate to the Trustee under and pursuant to the Indenture. The Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Note, which shall be delivered to the Trustee. The Borrowers hereby acknowledge and consent to such assignment to the Trustee.

(b) With respect to the Reserved Rights, subject to the limitations set forth in this Section, the City may:

(i) Tax Covenants. Seek specific performance of, and enforce, the tax covenants of the Indenture, the Regulatory Agreement, the Tax Certificate and this Loan Agreement, injunctive relief against acts which may be in violation of any of the tax covenants, and enforce the Borrowers' obligation to pay amounts for credit to the Rebate Fund;

(ii) Regulatory Agreement. Seek specific performance of the obligations of the Borrowers or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the City may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues, (as defined in Section 5.5(d) below) if any, of the Borrowers, unless Bondholder Representative otherwise specifically consents in writing to the use of other funds; and

(iii) Reserved Rights. Take whatever action at law or in equity which appears necessary or desirable to enforce the other Reserved Rights, provided, however, that the City or any person under its control may only enforce any right it may have for monetary damages against Excess Revenues, if any, of the Borrowers and after the Release Date only against the Excess Revenues of the Market Borrower, unless Bondholder Representative otherwise specifically consents in writing to the enforcement against other funds of the Borrowers.

(c) In no event shall the City:

(i) prosecute its action to a lien on the Project; or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrowers to timely pay the principal of, interest on, or other amounts due under, the Loan or of causing a Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the respective Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by the Trustee, the Bondholder Representative or the Servicer of any of their rights under the Loan Documents upon the occurrence of an event of default by the Borrowers under the Bond Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Loan or the Bonds.

(d) The City shall provide written notice to the Bondholder Representative, the Trustee and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Bond Documents.

(e) As used in this Section, the term "Excess Revenues" means, for the period before Conversion, the Net Cash Flow of the Borrowers and for the period after Conversion, the Net Cash Flow of the Market Borrower. For purposes of this Section, the term "Net Cash Flow" means cash available for distribution to the respective shareholders, members or partners (as the case may be) of the applicable Borrower for such period, after the payment of all interest

expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise) including indebtedness payable to any shareholder, member, or partner, or their affiliates, of the Borrowers, the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Loan or the Bonds, the payment of all operating, overhead, ownership and other expenditures of the Borrowers or the Market Borrower, as applicable, directly or indirectly in connection with the Project or the Market Project, as applicable (whether any such expenditures are current, capital or extraordinary expenditures and including, without limitation, all asset management and other fees payable to such Borrower's limited partners and their affiliates pursuant to the respective Borrower's organization documents), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrowers or the Market Borrower, as applicable, required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

Section 5.6. Exceptions to Non-Recourse Liability. Notwithstanding Section 5.4 or any other provision of this Agreement, the City (and the Trustee, as assignee of the City) shall have the right to recover from either of the Borrowers and any general partner or authorized signatory of a Borrower (each individually, or on a joint and several basis if more than one), the following:

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

(b) insurance proceeds, condemnation awards, security deposits from tenants or other sums or payments received by or on behalf of Borrowers in their capacity as owners of the Project and not applied in accordance with the provisions of the Deed of Trust and the Construction Funding 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 Loan Agreement, the Note and any other sums due under the Deed of Trust and all other Bond Documents (including but not limited to deposits or reserves payable under any Bond Documents);

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

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

(f) any loss, damage or cost (including but not limited to attorneys' fees) resulting from the commission of material waste by the Borrowers (or any partner, officer, director or agent of a Borrower or any guarantor or owner of any collateral) or failure by the Borrowers to perform their obligations to maintain the Project; provided however, for purposes of this Section 5.6(f) only, it shall not be waste if the Borrowers do not repair or restore the Project following any damage, destruction, or partial condemnation notwithstanding the availability of insurance or condemnation proceeds;

(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 Borrowers under all indemnities contained in this Loan Agreement, the Regulatory Agreement and the Construction Funding Agreement; and

(i) subject to the Borrowers' rights of contest under Section 6.2, any loss, damage or cost (including but not limited to attorneys' fees) resulting from failure by the Borrowers to pay taxes and charges that may become a lien on the Project, to maintain and pay premiums for insurance required pursuant to this Loan Agreement, the Construction Funding Agreement or the Deed of Trust, or to repay any sums advanced by the City or Trustee for any such purpose.

The exceptions to non-recourse liability contained in this Section 5.6 shall not limit the rights of the City (or the Trustee, as assignee of the City) to:

(i) name either or both of the Borrowers or any general partner of a Borrower as a party defendant in any action, proceeding or arbitration, subject to the limitations of this Section 5.6 as to personal liability; or

(ii) assert any unpaid amounts on the Loan as a defense or offset to or against any claim or cause of action made or alleged against the City or Trustee by the Borrowers or any of their partners or authorized signatories, or any guarantor or indemnitor with respect to the Loan; or

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

(iv) enforce the Borrowers' obligations to complete construction of the Project as required by this Loan Agreement and the Construction Funding Agreement, including obligations to repay any sums advanced by the City or Trustee for such purpose.

The limitation of liability set forth in this Section 5.6 will be deemed void and have no force or effect with respect to a Borrower if such Borrower or any partner or authorized signatories, of such Borrower attempts to materially delay any foreclosure of the Deed of Trust or any other collateral security for the Loan, or if such Borrower or any partner or authorized signatories, of such Borrower claims that this Loan Agreement, the Construction Funding Agreement or any of the other instruments or documents executed in connection with the Loan are invalid or unenforceable to any extent that would preclude foreclosure.

No provision of this Section 5.6 shall (i) affect any guaranty or similar agreement executed in connection with the debt evidenced by the Note or this Loan Agreement, (ii) release or reduce the debt evidenced by the Note or this Agreement, (iii) impair the right of the Bondholder Representative or the Trustee to enforce any provisions of the Deed of Trust or any other collateral security for the repayment of the Loan, (iv) impair the lien of the Deed of Trust or any other collateral security for the repayment of the Loan, or (v) impair the right of the Bondholder Representative or the Trustee to enforce the provisions of any Loan Document. Nothing herein shall directly or indirectly limit the right of the Bondholder Representative or Trustee to collect or recover any collateral from the Borrowers or any person holding or receiving the same, including any partner, shareholder, affiliate or authorized signatory who receives the rents and profits assigned to the City, the Trustee or the Bondholders after the same become payable by the Borrowers or under circumstances where the same are recoverable by

the City or the Trustee under applicable law or by contract. Furthermore, nothing in any other provision of the Note, this Loan Agreement or the other Bond Documents shall be deemed to limit the rights of the City, the Trustee or the Bondholder Representative to enforce collection from Borrowers (or any other person liable therefor) of all reasonable attorneys' fees, costs, expenses, indemnity liabilities and other amounts payable by the Borrowers apart from principal or interest owing under the Note.

Nothing in this Section 5.6 shall be interpreted to subordinate any obligation or liability of the Borrowers to the City, the Trustee or the Bondholder Representative to any operating expenses.

Notwithstanding anything herein to the contrary, no limited partner or member of a Borrower (to the extent it continues to act solely in the capacity of a limited partner of a Borrower) shall have any personal liability regarding the Note or the Deed of Trust.

Section 5.7. Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The City and the Borrowers acknowledge as follows: (a) calculation of all interest payments shall be made by the Trustee; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Bondholder Representative in accordance with the Deed of Trust; and (c) deposits with respect to any replacement reserve funds required by the Bondholder Representative shall be calculated by the Servicer in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Bondholder Representative, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such replacement reserve fund, such deficiency shall be immediately due and payable hereunder following written notice to the Borrowers.

Section 5.8. Cap Fee Escrow. At any time when the Bonds are in the Daily Interest Rate Mode, the Weekly Interest Rate Mode, the MMD Index Rate Mode or the SIFMA Index Rate Mode, unless such requirement is waived by the Bondholder Representative, the Borrowers agree to purchase 15 days prior to the expiration or early termination of any Swap Agreement and maintain at all times thereafter, an interest rate cap agreement fulfilling the Cap Agreement Requirements as determined by the Bondholder Representative in its sole discretion; provided however that the Borrowers may, if consented to in writing by the Bondholder Representative, enter into a Swap Agreement prior to the expiration of the Swap Agreement or interest rate cap then in effect in lieu of purchasing an interest rate cap. On each Loan Payment Date commencing five years before the stated termination date of the Swap Agreement, the Borrowers shall pay to the Servicer or its designee for deposit to a Cap Fee Escrow, an amount that will result in the accumulation by the expiration or early termination of the Swap Agreement or then existing interest rate cap agreement, as applicable, without regard to earnings in the Cap Fee Escrow, of funds estimated by the Bondholder Representative to be sufficient to provide for the purchase of the interest rate cap agreement fulfilling the Cap Agreement Requirements for an additional five (5) years or for a period beginning on the termination date of the then existing Swap Agreement or interest rate cap agreement, as applicable, and ending on the Maturity Date, whichever is shorter. During the first twelve (12) months after the first payment for each future Cap Agreement, the monthly deposit shall be equal to a fraction, the numerator of which is 125% of the aggregate periodic payments required to be made pursuant to the interest rate cap agreement required hereunder and the denominator of which is the number of months remaining until the termination of the then existing Swap Agreement or interest rate cap agreement, as applicable. Thereafter, the amount of the monthly deposit shall be recomputed by the Indexing Agent annually based upon the Indexing Agent's estimation of the aggregate periodic payments required to be made pursuant to such subsequent interest rate cap agreement (or extension or renewal thereof) times 125%

minus amounts already on deposit in the Cap Fee Escrow, divided by the number of months remaining until the expiration of the then existing interest rate cap agreement. The Borrowers shall pay the Indexing Agent's expenses related to the estimation and analysis of the cost of any renewal or replacement interest rate cap agreement. Amounts on deposit in the Cap Fee Escrow shall be invested and reinvested by the Servicer or its designee in its discretion. In the event the Borrowers or either of them enters into a subsequent Swap Agreement in lieu of purchasing an interest rate cap as set forth above, upon receipt of Written Direction from the Bondholder Representative, amounts on deposit in the Cap Fee Escrow held by the Servicer shall be remitted to the respective Borrower or the Borrowers that are party to the Swap Agreement.

Section 5.9. Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Deed of Trust and as security for payment of the Borrower Payment Obligations and the performance by the Borrowers of all other terms, conditions and provisions of the Bond Documents, the Borrowers hereby pledge and assign to the Trustee, as assignee of the City, and grant to the Trustee a security interest in, all the Borrowers' right, title and interest in and to all Rents and all payments to or moneys held in the funds and accounts created and held by the Trustee or the Servicer for the Project. The Borrowers also grant to the Trustee a continuing security interest in, and agrees to hold for the benefit of the Trustee, all Rents in its possession prior to the payment of Rents or any portion thereof to the Trustee or the Servicer (to the extent that the Borrowers are required to pay such Rents to the Trustee or the Servicer). The Borrowers shall not, without obtaining the prior Written Consent of the Bondholder Representative, further pledge, assign or grant any security interest in the Rents, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC 1 Financing Statements, except those naming the Trustee as the secured party, to be filed with respect thereto, and except for Permitted Encumbrances. This Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of a Loan Agreement Default hereunder, the Trustee and the Servicer shall apply or cause to be applied any sums held by the Trustee and the Servicer with respect to the Project in accordance with Section 7.04 of the Indenture.

ARTICLE VI

FURTHER AGREEMENTS

Section 6.1. Existence. Each Borrower shall (a) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its respective existence and its material rights, and franchises, (b) continue to engage in the business presently conducted by it, (c) obtain and maintain all material Licenses applicable to it, and (d) qualify to do business and remain in good standing under the laws of the State.

Section 6.2. Taxes and Other Charges. The Borrowers shall pay all Taxes and Other Charges as the same become due and payable in accordance with the Deed of Trust, except to the extent the Borrowers obtain a valid extension for the payment thereof and except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Deed of Trust.

The Borrowers covenant to pay all taxes and other charges of any type or character charged to the City or to the Trustee affecting the amount available to the City or the Trustee from payments to be received hereunder, under the Note or in any way arising due to the transactions contemplated hereby (including taxes and other charges assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes and other taxes based upon the capital and/or income of the Trustee or the City and taxes based upon or measured by the net income of the

Trustee or the City; provided, however, that the Borrowers shall have the right to protest any such taxes or other charges and to require the City or the Trustee, at the Borrowers' expense, to protest and contest any such taxes or other charges levied upon them and that the Borrowers shall have the right to withhold payment of any such taxes or other charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the City or the Trustee. This obligation shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

Section 6.3. Repairs; Maintenance and Compliance; Physical Condition. The Borrowers shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear and casualty and condemnation excepted) as set forth in the Deed of Trust and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Deed of Trust:

Section 6.4. Litigation. The Borrowers shall give prompt Written Notice to the City, the Servicer, the Trustee and the Bondholder Representative of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement served upon the Borrowers (or either of them) or, to the Borrowers' knowledge, overtly threatened against the Borrowers or either of them which might materially adversely affect a Borrower's condition (financial or otherwise) or business or its interests in the Project.

Section 6.5. Performance of Other Agreements. The Borrowers shall observe and perform in all material respects each and every term to be observed or performed by them pursuant to the terms of any material agreement or instrument affecting or pertaining to the Project.

Section 6.6. Notices. The Borrowers shall promptly provide written notice to the City, the Servicer, the Bondholder Representative and the Trustee of (a) any material adverse change in a Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (b) any fact or circumstance affecting a Borrower or the Project that materially and adversely affects the respective Borrower's ability to meet its obligations hereunder or under any of the other Bond Document to which it is a party in a timely manner, (c) the occurrence of any Default or Loan Agreement Default of which a Borrower has actual knowledge or (d) the receipt of written notice from the Swap Counterparty under a Swap Agreement or an affiliate or the provider of any cap that the unsecured, unsubordinated long term obligations of the Swap Counterparty under a Swap Agreement or an affiliate or the provider of any cap, as applicable, are at any time rated below "AA-" by S&P or below "Aa3" by Moody's. If a Borrower becomes subject to federal or state securities law filing requirements, such Borrower shall cause to be delivered to the Servicer, the Trustee and the Bondholder Representative any Securities and Exchange Commission or other public filings, if any, of such Borrower within two (2) Business Days of such filing.

Section 6.7. Cooperate in Legal Proceedings. The Borrowers shall cooperate fully with the Servicer, the Trustee and the Bondholder Representative with respect to, and permit the Servicer, the Trustee and the Bondholder Representative, at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of Bondholders under any Bond Document.

Section 6.8. Further Assurances. The Borrowers shall, at their sole cost and expense (except as provided in Article IX), (a) furnish to the Servicer and the Bondholder Representative

all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that Borrower's construction or renovation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested by the Servicer or the Bondholder Representative for the better and more efficient carrying out of the intents and purposes of the Bond Documents; (b) execute and deliver to the Servicer and the Bondholder Representative such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bonds, as the Servicer and the Bondholder Representative may reasonably require from time to time; (c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Bond Documents, as the Servicer or the Bondholder Representative shall reasonably require from time to time; provided, however, with respect to clauses (a)-(c) above, the Borrowers shall not be required to do anything that has the effect of (i) changing the essential economic terms of the Loan or (ii) imposing upon the Borrowers greater personal liability under the Loan Documents; and (d) upon the Servicer's or the Bondholder Representative's request therefor given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or Loan Agreement Default, as applicable, is continuing pay for (i) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrowers or either of them, and (ii) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer or the Bondholder Representative in each of the locations reasonably designated by the Servicer or the Bondholder Representative.

Section 6.9. Delivery of Financial Information. After written notice to the Borrowers of a Secondary Market Disclosure Document, the Borrowers shall, concurrently with any delivery to the Servicer, deliver copies of all financial information required under Article IX.

Section 6.10. Title to the Project. The Borrowers will warrant and defend the title to the Project, and the validity and priority of the Lien of the Deed of Trust, subject only to Permitted Encumbrances, against the claims of all Persons.

Section 6.11. City's Annual Fees. The Borrowers covenant to pay the annual fee of the City, payable as set forth in Section 18 of the Regulatory Agreement, and the reasonable fees and expenses of the City or any agents, attorneys, accountants, consultants selected by the City to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement and the other Bond Documents, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Bonds, this Loan Agreement, the other Bond Documents or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrowers, their properties, assets or operations or otherwise in connection with the administration of the foregoing. This obligation shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

Section 6.12. Estoppel Statement. The Borrowers shall furnish to the Servicer or the Bondholder Representative for the benefit of the City, the Trustee, the Bondholder Representative and the Servicer within ten (10) Business Days after request by the Servicer, with a statement, duly acknowledged and certified, setting forth (a) the unpaid principal of the Note, (b) the applicable Bond Coupon Rate, (c) the date installments of interest and/or principal were last paid, (d) any offsets or defenses to the payment of the Borrower Payment Obligations, and (e) that the Bond Documents to which the Borrowers are parties are valid, legal and binding obligations of the Borrowers and have not been modified or, if modified, giving particulars of

such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrowers shall use commercially reasonable efforts to furnish to the Servicer or the Bondholder Representative, within 30 days of a request by the Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Servicer and the Bondholder Representative; provided that the Servicer and the Bondholder Representative shall not make requests for the estoppel certificates required under this Section 6.12 more frequently than twice in any year.

Section 6.13. Defense of Actions. The Borrowers shall appear in and defend any action or proceeding purporting to affect the security for this Loan Agreement hereunder or under the Bond Documents, and shall pay, upon written demand of the Bondholder Representative, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which a Bondholder or the Bondholder Representative may appear. If the Borrowers fail to perform any of the covenants or agreements contained in this Loan Agreement or any other Bond Document, or if any action or proceeding is commenced that is not diligently defended by the Borrowers which affects the Bondholders' or the Bondholder Representative's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any Federal or state law, whether now existing or hereafter enacted or amended, then the Bondholders or the Bondholder Representative may make such appearances, disburse such sums and take such action as the Bondholders or the Bondholder Representative deems necessary or appropriate to protect their interests. Such actions include disbursement of attorneys' fees, entry upon the Project to make repairs or take other action to protect the security of the Project, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of Bondholders or the Bondholder Representative appears to be prior or superior to the Bond Documents. Neither a Bondholder or the Bondholder Representative shall have any obligation to do any of the above. The Bondholders or the Bondholder Representative may take any such action without notice to or demand upon the Borrowers. No such action shall release a Borrower from any obligation under this Loan Agreement or any of the other Bond Documents. In the event (a) that the Deed of Trust is foreclosed in whole or in part or that any Bond Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (b) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Deed of Trust or any Bond Document in which proceeding the Bondholders or the Bondholder Representative is made a party or (c) of the bankruptcy of a Borrower or an assignment by a Borrower for the benefit of its creditors, the applicable Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 6.14. Expenses. The Borrowers shall pay all reasonable expenses incurred by the City, the Trustee, the Bond Purchaser, the Servicer, the Placement Agent and the Bondholder Representative (except as provided in Article IX) in connection with the Bonds, including reasonable fees and expenses of the City's, the Trustee's, the Servicer's, the Bond Purchasers', the Placement Agent's and the Bondholder Representative's attorneys, environmental, engineering and other consultants, the Review Fee, and fees, charges or taxes for the recording or filing of Bond Documents. The Borrowers shall pay or cause to be paid all reasonable expenses of the City, the Trustee, the Rebate Analyst, the Servicer, the Placement Agent and the Bondholder Representative (except as provided in Article IX) in connection with the issuance or administration of the Bonds, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrowers shall, upon request, promptly reimburse the City, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative for all reasonable amounts expended, advanced or incurred by the City, the Trustee, the Servicer, the Placement Agent and the

Bondholder Representative to collect the Note, or to enforce the rights of the City, the Bond Purchasers, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative under this Loan Agreement or any other Loan Document, or to defend or assert the rights and claims of the City, the Bond Purchasers, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative under the Bond Documents arising out of a Loan Agreement Default or with respect to the Project (by litigation or other proceedings) arising out of a Loan Agreement Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the City, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to the City, the Trustee, the Servicer, the Placement Agent and the Bondholder Representative, all of which shall constitute part of the Loan and shall be secured by the Bond Documents. The obligations and liabilities of the Borrowers under this Section 6.14 shall survive the Term of this Loan Agreement and the exercise by the City, the Servicer, the Bondholder Representative, the Placement Agent or the Trustee, as the case may be, of any of its rights or remedies under the Bond Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrowers shall not be obligated to pay amounts incurred as a result of the negligence of the Trustee, the gross negligence or willful misconduct of the City or the gross negligence or willful misconduct of any other party, and any obligations of the Borrowers to pay for environmental inspections or audits will be governed by Section 18(i) of the Deed of Trust.

The Borrowers shall not be responsible for any costs associated with any securitization of the Bonds.

Section 6.15. Indemnity. To the fullest extent permitted by law, the Borrowers agree to indemnify, hold harmless and defend the City, the Bondholder Representative, the Servicer and the Trustee and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrowers have consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Bond Documents and the Swap Agreement or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Bonds, except with respect to any Secondary Market Disclosure Document (other than any Borrowers' obligations under Article IX);

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

(c) Any lien (other than a permitted encumbrance) or charge upon payments by the Borrowers to the City and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the City or the Trustee in respect of any portion of the Project;

(d) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrowers are in possession or control of the Project;

(e) The enforcement of, or any action taken by the City, the Trustee or the Bondholder Representative related to remedies under, this Loan Agreement, the Indenture and the other Bond Documents;

(f) The defeasance and/or redemption, in whole or in part, of the Bonds;

(g) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by a Borrower contained in any offering statement or document for the Bonds or any of the Bond Documents to which the Borrowers are parties, or any omission or alleged omission by a Borrower from any offering statement or document for the bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrowers, in the light of the circumstances under which they were made, not misleading;

(h) Any Determination of Taxability; and

(i) The Trustee's acceptance or administration of the trust of the Indenture, or the Trustee's exercise or performance of or failure to exercise or perform any of its powers or duties thereunder or under any of the Bond Documents to which it is a party;

except (i) in the case of the foregoing indemnification of (A) the Bondholder Representative or the Servicer or any related Indemnified Party, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party, or (B) in the case of the Trustee or any related Indemnified Party, the negligence or willful misconduct of the Trustee, or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bonds or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (ii) in the case of the foregoing indemnification of the City or any related Indemnified Party, they shall not be indemnified by the Borrowers with respect to liabilities arising from their own gross negligence, bad faith, fraud or willful misconduct. Notwithstanding anything herein to the contrary, the Borrowers' indemnification obligations to the parties specified in Section 9.1.5 with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.1.5 hereof. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrowers, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved 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 their discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld, conditioned or delayed. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof; provided however the City have the absolute right to employ separate counsel at the expense of the Borrowers. The Borrowers shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party other

than the City may only employ separate counsel at the expense of the Borrowers if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation, except that the Borrowers shall always pay the reasonable fees and expenses of the City's separate counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement or the Regulatory Agreement, the Borrowers 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 City, the Trustee and the Bondholder Representative have consented to such transfer and to the assignment of the rights and obligations of the Borrowers hereunder, or the City, Trustee and Bondholder Representative, in such case, shall have executed a full and unconditional release of Borrowers.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4.1 shall survive the final payment or defeasance of the Bonds and in the case of the Trustee, Servicer or Bondholder Representative, as applicable, any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement. Nothing within this Section shall limit the rights of any Indemnified Party to indemnity under the Regulatory Agreement.

Nothing in this Section 6.15 shall in any way limit the Borrowers' indemnification and other payment set forth in the Regulatory Agreement.

Nothing set forth in this Section 6.15 shall be deemed to limit, negate, modify, nullify, or change any non-recourse provisions of this Agreement, the Note, or any other agreement, document, instrument, certificate or covenant executed by the Borrowers.

Section 6.16. Notices of Certain Events. The Borrowers hereby covenant to advise the City and the Bondholder Representative 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 Borrowers hereby covenant to advise the City and the Bondholder Representative promptly in writing of the occurrence of any Act of Bankruptcy with respect to either of them.

Section 6.17. Tax Exempt Status of the Bonds.

(a) It is the intention of the City and the Borrowers that interest on the Bonds shall be and remain excludable from gross income of the owners thereof for federal income taxation purposes (other than with respect to a Bondowner which is a "substantial user" of the Project or a "related person," as such terms are used in Section 147(a) of the Code), and to that end the covenants and agreements of the Borrowers in this Section 6.17 are for the benefit of the Bondowners and the City.

(b) The Borrowers covenant and agree that they will not (i) use or permit the use of any of the funds provided by the City hereunder or any other funds of the Borrowers, directly or indirectly, in such manner as would, or (ii) take or omit to take any other action that would, in each case cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) In the event that at any time a Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 6.17 it is necessary to restrict or to limit

the yield on the investment of any moneys held under the Indenture or under the Construction Funding Agreement, or otherwise by the Bondholder Representative, the Borrowers shall determine the limitations and so instruct the Trustee or Bondholder Representative, as applicable, in writing and cause the Trustee or the Bondholder Representative, as applicable, to comply with those limitations under the Indenture or the Construction Funding Agreement, respectively.

(d) The Borrowers will take such action or actions as may be reasonably necessary in the opinion of Bond Counsel, or of which a Borrower otherwise becomes aware, to fully comply with Section 148 of the Code as applicable to the Bonds.

(e) The Borrowers further agree that they 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 Borrowers further warrant and covenant that they have 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 Loan Agreement and of the Regulatory Agreement, and that in any event, the requirements of this 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 Borrowers will use due diligence to complete the construction of all of the units comprising the Project and reasonably expect to fully expend the entire \$132,000,000 authorized principal amount of the Loan by _____ 1, ____.

(h) The Borrowers will take such action or actions as necessary to ensure compliance with Sections 2.2(a)(viii) and (a)(ix), and Sections 2.2(b)(v), (b)(viii) and (b)(ix) hereof.

(i) The Borrowers will make timely payment to the Trustee of any rebate amount due to the federal government by reason of Section 148(f) of the Code, as applicable to the Bonds, to be disposed of as provided in Section 5.06 of the Indenture.

Section 6.18. Recordation of Amendments to Regulatory Agreement. The Borrowers agree to cause any amendments to the Regulatory Agreement to be recorded in the appropriate official public records of the City.

Section 6.19. Useful Life. The Borrowers hereby represent and warrant that, within the meaning of Section 147(a)(14) of the Code, the average maturity of the Bonds does not exceed one hundred and twenty percent (120%) of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bonds.

Section 6.20. Federal Guarantee Prohibition. The Borrowers shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.21. Prohibited Facilities. The Borrowers represent and warrant that no portion of the proceeds of the Loan shall be used to provide any airplane, skybox or other private

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

Section 6.22. Covenants Under Indenture. The Borrowers will fully and faithfully perform all the duties and obligations which the City has covenanted and agreed in the Indenture to cause the Borrowers to perform and any duties and obligations which the Borrowers are required in the Indenture to perform. The foregoing will not apply to any duty or undertaking of the City which by its nature cannot be delegated or assigned.

Section 6.23. [intentionally omitted].

Section 6.24. Covenant with Bondholders. The City and the Borrowers agree that this Loan Agreement is executed and delivered in part to induce the purchase by others of the Bonds and, accordingly, all covenants and agreements of the City and the Borrowers contained in this Loan Agreement are hereby declared to be for the benefit of the Trustee, the Bondholder Representative and the Holders of the Bonds from time to time. Notwithstanding the foregoing, the Bondholders' rights to enforce this provision of this Loan Agreement are governed by the terms of the Indenture.

Section 6.25. Continuing Disclosure Agreement. To the extent applicable, the Borrowers and the Dissemination Agent (as defined in the Continuing Disclosure Agreement) shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Bonds, the Borrowers and other matters as specifically provided for in such agreement. For the purposes of the Continuing Disclosure Agreement only, the Dissemination Agent shall act as the agent of the Borrowers and not as the agent of the City. The duties and obligations of the Dissemination Agent under the Continuing Disclosure Agreement shall be as set forth in the Continuing Disclosure Agreement, and the Dissemination Agent shall be responsible only for its express duties and obligations set forth in the Continuing Disclosure Agreement. A default under any Continuing Disclosure Agreement shall not be a default under the Indenture, this Loan Agreement or any of the other Bond Documents.

Section 6.26. Management Agreement. The Bondholder Representative expressly approves the Management Agreement. The Borrowers shall not, without the Bondholder Representative's prior Written Consent (which consent shall not be unreasonably withheld, conditioned, or delayed) and subject to the Regulatory Agreement: (a) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (b) reduce or consent to the reduction of the term of the Management Agreement; (c) increase or consent to the increase of the amount of any charges under the Management Agreement; (d) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of their rights and remedies under, the Management Agreement; or (e) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

Section 6.27. Liens. Without the Bondholder Representative's prior Written Consent, the Borrowers shall not create, incur, assume, permit or suffer to exist any mechanic's, materialmen's or other Lien on any portion of the Project, except Permitted Encumbrances, unless such Lien is bonded around, insured over or discharged within 30 days after the

Borrowers first receive notice of such Lien or unless the Borrowers are contesting such Lien in accordance with the Deed of Trust.

Section 6.28. Dissolution. Each Borrower shall not dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 6.29. Change in Business or Operation of Property. Each Borrower shall not enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multi-family property or terminate such business for any reason whatsoever (other than temporary cessation in connection with rehabilitation, casualty or condemnation of the Project).

Section 6.30. Debt Cancellation. Each Borrower shall not cancel or otherwise forgive or release any claim or debt owed to it by a Person, except for adequate consideration or in the ordinary course of its business in its reasonable judgment.

Section 6.31. Assets. Each Borrower shall not purchase or own any real property or personal property incidental thereto other than its interests in the Project.

Section 6.32. Transfers. Each Borrower shall not make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Deed of Trust, nor transfer any material License required for the operation of the Project.

Section 6.33. Debt. Other than as expressly approved in writing by the Bondholder Representative, or accepted on the Closing Date, the Borrowers shall not create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or their respective interests therein or in a Borrower or any partner thereof (including subordinate debt) other than (a) the Borrower Payment Obligations, (b) secured indebtedness incurred pursuant to or permitted by the Bond Documents, and (c) trade payables incurred in the ordinary course of business and partner loans to one or both of the Borrowers, to the extent permitted under the Loan Documents.

Section 6.34. Assignment of Rights. Without the Bondholder Representative's prior Written Consent, neither Borrower shall attempt to (a) assign such Borrower's rights or interest under any Bond Document in contravention of any Bond Document or (b) surrender such Borrower's interests in the Project.

Section 6.35. Principal Place of Business. The Borrowers shall not change their respective principal place of business without providing 30 days' prior Written Notice of the change to the Trustee, the Servicer and the Bondholder Representative.

Section 6.36. Organizational Documents. Except as otherwise permitted in the Loan Documents, or without the Bondholder Representative's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), the Borrowers shall not surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of their respective rights or remedies under their respective organizational documents.

Section 6.37. ERISA. Each Borrower shall not maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of it to, maintain, sponsor,

contribute to or become obligated to contribute to, any Plan, or permit the assets of it to become “plan assets,” whether by operation of law or under regulations promulgated under ERISA.

Section 6.38. No Hedging Arrangements. Except for hedging arrangements approved by the Bondholder Representative on the Closing Date written notice of which is given to the City, without the prior written consent of the Bondholder Representative (with written notice to the City), the Borrowers will not enter into or guarantee, provide security for or otherwise undertake any form of contractual obligation with respect to any interest rate swap, interest rate cap or other arrangement that has the effect of an interest rate swap or interest rate cap or that otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

Section 6.39. Insurance. The Borrowers, at their sole cost, for the mutual benefit of the Borrowers and the Trustee, as representative of the Bondholders, shall obtain and maintain during the Term the policies of insurance required by Section 19 of the Deed of Trust. All policies of insurance required pursuant to this Section shall conform to the requirements set forth in the Deed of Trust. The Borrowers shall deliver to the Servicer a certified copy of each policy within 30 days after its effective date.

Section 6.40. Casualty. If the Project is damaged or destroyed, in whole or in any material respect, by fire or other casualty (a “Casualty”), the Borrowers shall give prompt written notice thereof to the Servicer, the Bondholder Representative, the Trustee and the City.

Section 6.41. Condemnation. The Borrowers shall promptly give the Servicer, the City, the Bondholder Representative and the Trustee written notice of Borrowers’ receipt of written notice of the actual or threatened commencement of any Condemnation proceeding affecting the Project and shall deliver to the Servicer, the City, the Bondholder Representative and the Trustee copies of any and all papers served in connection with such Condemnation.

Section 6.42. No Warranty of Condition or Suitability by the City. The City makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrowers’ purposes or needs.

Section 6.43. Right of Access to the Project. The Borrowers agree that the City, the Trustee, the Servicer and the Bondholder Representative, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation at all reasonable times during business hours and upon reasonable notice, to enter onto the Project (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower’s operations, and (b) to perform such work in and about the Project made necessary by reason of the Borrowers’ default under any of the provisions of this Loan Agreement. The City, the Trustee, the Servicer, the Bondholder Representative, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during business hours, to examine the books and records of each of the Borrowers with respect to the Project. Such entry, inspection, and testing shall be conducted in a manner which does not interfere with any tenant’s right of occupancy or disturb any tenant’s right of peaceable and quiet enjoyment. The Servicer, the Bondholder Representative and the Trustee shall defend, indemnify and hold harmless the Borrowers from 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 the entry, inspection, and testing conducted pursuant to the Section 6.43.

Section 6.44. Election of Applicable Income Limit. The City 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 comprising the Initial Project shall be occupied by persons or families whose Adjusted Income does not exceed sixty percent (60%) of the Median Income for the Area (as such term is defined in the Regulatory Agreement).

Section 6.45. City Contracting Requirements. Each Borrower covenants and agrees to comply with the provisions set forth in Exhibit A to this Loan Agreement, which is incorporated in and made a part of this Loan Agreement by this reference.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. The occurrence of any one or more of the following events or conditions shall constitute a "Loan Agreement Default":

(a) failure by the Borrowers to pay any Loan Payment or Additional Payment on the date such payment is due;

(b) failure by the Borrowers to prepay the Note on the date such payment is due as required by Section 5.3;

(c) failure by or on behalf of the Borrowers to pay when due any amount (other than as provided in subsections (a) or (b) above) required to be paid by the Borrowers or either of them under this Loan Agreement, the Note, the Deed of Trust or any of the other Bond Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five (5) days after Written Notice thereof shall have been given to the Borrowers;

(d) a Transfer other than a transfer permitted under the Deed of Trust occurs;

(e) any representation or warranty made by a Borrower in any Bond Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by a Borrower in connection with any Bond Document, shall be false or misleading in any material respect as of the Closing Date;

(f) a Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;

(g) an event of default of the Borrowers as defined or provided for in any other Bond Document to which the Borrowers are parties occurs and any applicable notice and or cure period has expired;

(h) the Borrowers shall continue to be in Default under any of the other terms, covenants or conditions of this Loan Agreement (other than paragraphs (a)-(g) above) for 30 days after notice from the Trustee, the Bondholder Representative or the Servicer in the case of such other Default; provided, however, that if such other Default under this paragraph (h) is susceptible of cure but cannot reasonably be cured within such

thirty (30) day period, and the Borrowers shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrowers in the exercise of due diligence to cure such Default, such additional period not to exceed 60 days;

(i) a Borrower Controlling Entity shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to a Borrower Controlling Entity shall occur, unless in all cases the respective Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of Section 21(c) of the Deed of Trust; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within sixty (60) days of such event with another non-profit Borrower Controlling Entity acceptable to the Bondholder Representative in accordance with the Deed of Trust, in which case no Loan Agreement Default shall be deemed to have occurred; and

(j) an event of default or termination event pertaining to the Borrowers as defined in and pursuant to any Swap Agreement occurs and any applicable notice and or cure period has expired.

Section 7.2. Remedies on Default.

(a) Upon the occurrence of an Loan Agreement Default (other than a Loan Agreement Default described in paragraph (f) and (i) of Section 7.1) and at any time and from time to time thereafter, as long as such Loan Agreement Default continues to exist, in addition to any other rights or remedies available to the Trustee pursuant to the Bond Documents or at law or in equity, the Trustee shall, at the Written Direction of the Bondholder Representative, take such action, without notice or demand, as the Bondholder Representative deems advisable to protect and enforce its rights against the Borrowers and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Note to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations to the redemption of the Bonds pursuant to Section 4.01(d) of the Indenture; and upon any Loan Agreement Default described in paragraph (f) or (i) of Section 7.1, the Borrower Payment Obligations shall become immediately due and payable without notice or demand, and the Borrowers hereby expressly waive any such notice or demand, anything contained in any Bond Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Indenture shall be controlled by the Bondholder Representative.

(b) Any amounts collected pursuant to action taken under this Section 7.2 (other than amounts collected by the City pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the City, the Trustee, the Bondholder Representative or the Bondowners and their respective counsel, be paid to the Trustee (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrowers from the Borrowers' obligations pursuant to Section 6.17 hereof.

Section 7.3. No Remedy Exclusive; Delay. Upon the occurrence of a Loan Agreement Default, all or any one or more of the rights, powers, privileges and other remedies available to the Trustee against the Borrowers under the Bond Documents or at law or in equity may be exercised by the Trustee, at the Written Direction of the Bondholder Representative, at any time

and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Trustee or the Bondholder Representative shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Bond Documents. Any such actions taken by the Trustee or the Bondholder Representative shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Bondholder Representative may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Trustee or the Bondholder Representative permitted by law, equity or contract or as set forth in the Bond Documents. Without limiting the generality of the foregoing, the Borrowers agree that if a Loan Agreement Default is continuing, all Liens and other rights, remedies or privileges provided to the Trustee and Bondholder Representative shall remain in full force and effect until they have exhausted all of its remedies, the Deed of Trust has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full. To the extent permitted by applicable law, nothing contained in any Bond Document shall be construed as requiring the Trustee or Bondholder Representative to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Trustee or Bondholder Representative may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the City, the Trustee and the Bondholder Representative agree that any cure of any default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrowers and shall be accepted or rejected on the same basis as if made or tendered by the Borrowers;

No delay or omission to exercise any remedy, right, power accruing upon a Loan Agreement Default, or the granting of any indulgence or compromise by the Trustee or the Bondholder Representative shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Loan Agreement Default shall not be construed to be a waiver of any subsequent Default or Loan Agreement Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Loan Agreement, the Trustee and the Bondholder Representative reserve the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Deed of Trust to the extent necessary to foreclose on other part of the Project, the Rents, the funds or any other collateral.

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

Section 7.5. Bondholder Representative's Right to Perform the Obligations. If the Borrowers shall fail, refuse or neglect to make any payment or perform any act required by the Bond Documents, then while any Loan Agreement Default exists, and without notice to or demand upon the Borrowers and without waiving or releasing any other right, remedy or recourse the Trustee or the Bondholder Representative may have because of such Loan Agreement Default, the Bondholder Representative may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrowers, and shall have the right to enter upon the Project for such purpose and to take all such action

thereon and with respect to the Project as it may deem necessary or appropriate. If the Bondholder Representative shall elect to pay any sum due with reference to the Project, the Bondholder Representative may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Bond Documents, the Bondholder Representative shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. All sums paid by the Bondholder Representative pursuant to this Section 7.5, and all other sums expended by the Bondholder Representative to which it shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to all amounts payable with respect to the Bonds, shall be secured by the Bond Documents and shall be paid by the Borrowers to the Bondholder Representative upon demand.

Section 7.6. Trustee's Exercise of the City's Remedies. Whenever any Loan Agreement Default shall have occurred and be continuing, the Trustee may at the Written Direction of the Bondholder Representative, but shall not be obligated to, exercise any or all of the rights of the City under this Article, upon notice as required of the City unless the City has already given the required notice. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. Notwithstanding anything herein to the contrary, the City may not exercise any remedies available to the City against the Borrowers under the Bond Documents or at law or in equity in order to enforce the Reserved Rights, other than as provided in Section 5.5(b).

Section 7.7. Assumption of Obligations. In the event that the Trustee, the Bondholder Representative or the Bondholders or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall have the right, to be exercised in its sole discretion, to succeed to the rights and the obligations of the Borrowers under this Loan Agreement, the Note, the Regulatory Agreement, and any other Bond Documents to which the Borrowers are parties. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrowers.

It is the intention of the parties hereto that upon the occurrence and continuance of a Loan Agreement Default, rights and remedies may be pursued pursuant to the terms of the Bond Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Trustee, the Bondholder Representative or the Bondholders or their respective assignees or designees becomes the owner of the Project and exercises its right, in its sole discretion, to assume the obligations identified above, and the Note, the Bonds and the other Bond Documents remain outstanding.

Section 7.8. Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Bondholder Representative shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Trustee, provided that only the City may enforce the Reserved Rights subject to Section 7.6 and Section 5.5(b). In the event that any of the provisions set forth in this Section 7.8 are inconsistent with the covenants, terms and conditions of the Deed of Trust, the covenants, terms and conditions of the Deed of Trust shall prevail.

ARTICLE VIII
MISCELLANEOUS

Section 8.1. Entire Agreement. This Loan Agreement, the Construction Funding Agreement, the Note, the Regulatory Agreement, the Deed of Trust and the other Bond Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the City and the Borrowers with respect to the subject matter hereof.

Section 8.2. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any Bond Document shall be given in the manner and under the conditions set forth in Section 12.06 of the Indenture, addressed to the appropriate party at the address set forth in Section 12.06 of the Indenture.

Section 8.3. Assignments. To the extent allowable under the Indenture, the Bonds, the Deed of Trust, the Bond Documents and all of the Bondholder Representative's rights, title, obligations and interests therein may be assigned by the Bondholder Representative at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise, with prior written notice to the City, the Trustee and the Borrowers. Upon such assignment, all references to Bondholder Representative in this Loan Agreement and in any Bond Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Bondholder Representative. The Borrowers may not assign their rights, interests or obligations under this Loan Agreement or under any of the Bond Documents, except only as may be expressly permitted hereby and thereby.

Section 8.4. Severability. Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement. If any provision of this 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 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. No modification, amendment, extension, discharge, termination or waiver of any provision of this Loan Agreement or of any other Bond Document, nor consent to any departure by the Borrowers or either of them therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to or demand on the Borrowers shall entitle the Borrowers to any other or future notice or demand in the same, similar or other circumstances.

Section 8.7. Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 8.8. Term of Agreement. This Loan Agreement shall be in full force and effect until no Bonds are Outstanding under the Indenture and all Bond Obligations and other payment obligations of the Borrowers hereunder have been paid in full or the payment thereof has been provided for; except that on and after payment in full of the Note, this Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrowers under Sections 6.14, 6.15, 6.17, 8.12, 8.26 and Article IX hereof, and as may be expressly provided with respect to other provisions hereof, shall survive the termination of this Loan Agreement.

Section 8.9. Survival of Agreement. This Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the City of the Loan and the execution and delivery to the Trustee of the Note, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrowers' covenants and agreements in this Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the City, the Servicer, the Bondholder Representative or the Trustee on behalf of the Bondholders.

Section 8.10. Conflicts. If any term or condition of this Loan Agreement conflicts with any term or condition of any other Loan Document, the term or condition which imposes any greater or stricter duties or obligations upon Borrowers, or grants or affords City, the Trustee, the Bondholder Representative or Bondowners any greater rights or remedies, shall prevail.

Section 8.11. Binding Effect; Third Party Beneficiaries. This Loan Agreement shall inure to the benefit of and shall be binding upon the City, the Borrowers and their respective successors and assigns. The Bondowners, the Bondholder Representative, the Servicer and the Trustee are intended third party beneficiaries of this Loan Agreement.

Section 8.12. Brokers and Financial Advisors. The Borrowers hereby represent that they have not dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Loan, other than those disclosed to the Bondholder Representative and whose fees shall be paid by the Borrowers pursuant to separate agreements. The Borrowers and the Bondholder Representative shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 8.12 shall survive the expiration and termination of this Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 8.13. Delay Not a Waiver. Neither any failure nor any delay on the part of the Servicer, the Trustee or the Bondholder Representative in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under any other Bond Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under any Bond Document, the Trustee, the Servicer and the Bondholder Representative shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under the Bond Documents, or to declare an Event of Default or a Loan Agreement Default for failure to effect prompt payment of any such other amount.

Section 8.14. Trial by Jury. To the extent permitted by law, the Borrowers hereby agree not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by

jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrowers, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Servicer, the Trustee or Bondholder Representative is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrowers.

Section 8.15. Preferences. The Trustee shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrowers to any portion of the Borrower Payment Obligations. To the extent the Borrowers make a payment to the Servicer or the Trustee, or the Servicer or the Trustee receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Servicer or the Trustee.

Section 8.16. Waiver of Notice. The Borrowers shall not be entitled to any notices of any nature whatsoever from the City, the Servicer, the Bondholder Representative or the Trustee except with respect to matters for which this Loan Agreement or any other Bond Document specifically and expressly provides for the giving of notice by the City, the Servicer, the Bondholder Representative or the Trustee, as the case may be, to the Borrowers and except with respect to matters for which the Borrowers are not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrowers hereby expressly waive the right to receive any notice from the City, the Servicer, the Bondholder Representative or the Trustee as the case may be with respect to any matter for which no Bond Document specifically and expressly provides for the giving of notice by the City, the Servicer, the Bondholder Representative or the Trustee to the Borrowers.

Section 8.17. Offsets, Counterclaims and Defenses. The Borrowers hereby waive the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Trustee, the Bondholder Representative or the Servicer with respect to a Loan Payment. Any assignee of Bondholders' interests in and to the Bond Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Bond Documents which the Borrowers may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrowers in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrowers.

Section 8.18. Publicity. The Servicer and the Bondholder Representative (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Servicer or Bondholder Representative's participation in the purchasing of the Bonds or the Bond's inclusion in any Secondary Market Transaction effectuated by the Servicer or Bondholder Representative or one of its Affiliates. Except as required by applicable law or regulatory requirements, all news releases, publicity or advertising by the Borrowers or their Affiliates through any media intended to reach the general public, which refers to the Bond Documents, the Loan, the Bondholder Representative, the Servicer or the Trustee in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Servicer or the Bondholder Representative, as applicable, except as may

otherwise be required of the Borrowers in order to satisfy its obligations as a publicly traded company under federal and state securities laws.

Section 8.19. No Usury. The Borrowers, the City, the Trustee and the Servicer intend at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits a party to contract for, charge, take, reserve or receive a greater amount of interest than under state law) and that this Section 8.19 shall control every other agreement in the Bond Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under the Note or any other Bond Document, or contracted for, charged, taken, reserved or received with respect to the Borrower Payment Obligations, or if the Trustee's acceleration of the maturity of the Loan or any prepayment by the Borrowers or any premium or Late Charge results in the Borrowers having paid any interest in excess of that permitted by applicable law, then it is the parties' express intent that all excess amounts theretofore collected by the Servicer or the Trustee shall be credited against the unpaid Principal and all other elements of the Borrower Payment Obligations (or, if the Borrowers Payment Obligations has been or would thereby be paid in full, refunded to the Borrowers), and the provisions of the Bond Documents immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to the Servicer or the Trustee for the use, forbearance or detention of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding. Notwithstanding anything to the contrary contained in any Bond Document, it is not the intention of the Trustee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

Section 8.20. Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Bond Documents and that the Bond Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 8.21. Consents. Wherever in this Loan Agreement it is provided that the City, the Servicer, the Bondholder Representative or the Trustee shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the City, the Servicer, the Bondholder Representative or the Trustee may not unreasonably or arbitrarily withhold, condition, delay or refuse such approvals or consents, unless otherwise provided herein or in any of the other Bond Documents.

Section 8.22. City, Trustee, Servicer, Bondholder Representative and Bond Purchaser Not in Control; No Partnership. None of the covenants or other provisions contained in this Loan Agreement shall, or shall be deemed to, give the City, the Trustee, the Servicer, the Bondholder Representative or the Bond Purchasers the right or power to exercise control over the affairs or management of either of the Borrowers, the power of the City, the Trustee, the Servicer, the Bondholder Representative and the Bond Purchasers being limited to the rights to exercise the remedies referred to in the Bond Documents. The relationship between the Borrowers and the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchasers and the Bondholders is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Bond Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrowers or either of them and the City, the Trustee, the Servicer, the Bondholder

Representative, the Bond Purchasers or any Bondholder or to create an equity in the Project in the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchasers or any Bondholder. None of the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchasers nor any Bondholder undertakes or assumes any responsibility or duty to the Borrowers or to any other person with respect to the Project or the Loan, except as expressly provided in the Bond Documents; and notwithstanding any other provision of the Bond Documents: (a) the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchasers and the Bondholders are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrowers or either of them, or their respective stockholders, members, or partners and the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders do not intend to ever assume such status; (b) the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrowers or either of them; and (c) the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrowers or either of them, the Borrower Controlling Entities or their respective stockholders, members, or partners. The City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholders and the Borrowers disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholders and the Borrowers or either of them, or to create an equity in the Project in the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchasers or the Bondholders, or any sharing of liabilities, losses, costs or expenses.

Section 8.23. Time of the Essence. Time is of the essence with respect to this Loan Agreement.

Section 8.24. References to Bondholder Representative. The provisions of Section 12.16 of the Indenture pertaining to the Bondholder Representative are incorporated by reference herein.

Section 8.25. Release. Each Borrower hereby acknowledges that it is executing this Loan Agreement and each of the Bond Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 8.26. Reimbursement of Expenses. If, upon or after the occurrence of any Loan Agreement Default or Default, the City, the Trustee, the Bondholder Representative or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrowers contained herein, the Borrowers will on demand therefor reimburse the City, the Trustee, the Bondholder Representative and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid hereunder and under Sections 5.1(e) and 6.14 shall be subordinate to its obligations to make payments under the Note, and the Borrower's obligations to pay the amounts under this Section.

ARTICLE IX
SPECIAL PROVISIONS

Section 9.1. Sale of Note and Secondary Market Transaction.

Section 9.1.1. Cooperation. At the Servicer or Bondholder Representative's request (to the extent not already required to be provided by the Borrowers under this Loan Agreement), the Borrowers shall use reasonable efforts to satisfy the market standards to which the Servicer or Bondholder Representative customarily adheres or which may be reasonably required in the marketplace or by the Servicer or Bondholder Representative in connection with one or more sales or assignments of all or a portion of the Bonds or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Bonds (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that (a) neither the Borrowers nor the City shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs including, without limitation, any costs associated with receiving a rating on the Bonds, shall be paid by the Servicer or Bondholder Representative, and shall not modify Borrowers' rights or obligations.

Without limiting the generality of the foregoing, the Borrowers shall, so long as the Loan is still Outstanding:

(a) (i) provide such financial and other information with respect to the Project, the Bonds, the Borrowers, the Manager, the contractor of the Project or any Borrower Controlling Entity, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Servicer or Bondholder Representative, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as may be reasonably requested from time to time by the Servicer or Bondholder Representative or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Servicer or Bondholder Representative pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Servicer or Bondholder Representative and the Rating Agencies;

(b) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrowers and the Bond Documents reasonably acceptable to the Servicer or Bondholder Representative, consistent with the facts covered by such representations and warranties as they exist on the date thereof and which are in the knowledge of the Borrowers; and

(c) execute such amendments to the Bond Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the economic terms of the Bond Documents and is not adverse to such party in its reasonable discretion.

Section 9.1.2. Use of Information. The Borrowers understand that certain of the Provided Information and the required records may be included in disclosure documents in

connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrowers shall cooperate, subject to Section 9.1.1(c), with the Servicer and Bondholder Representative in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrowers and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrowers hereby consent to any and all such disclosures of such information.

Section 9.1.3. Borrower Obligations Regarding Secondary Market Disclosure Documents. In connection with a Secondary Market Disclosure Document, the Borrowers shall provide, or in the case of a Borrowers-engaged third party such as the Manager, cause it to provide, (a) information reasonably requested by the Bondholder Representative pertaining to the Borrowers, the Project or such third party (and portions of any other sections reasonably requested by the Bondholder Representative pertaining to the Borrowers, the Project or the third party); and (b) any documents used in connection therewith that in any way mention the City and the Bonds shall indicate that the City's liability is limited as provided in Section 5.01(d) of the Indenture; and that the City has not approved the Secondary Market Transaction. The Borrowers shall, if requested by the Servicer and Bondholder Representative, certify in writing that the Borrowers has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrowers, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrowers, the Project or the Manager), to the best of Borrowers' knowledge, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrowers shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrowers hereby indemnify the Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee and the City for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

Section 9.1.4. Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act, the Borrowers shall (i) indemnify Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee, the City, its members, and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee, the City or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Servicer, the Bondholder Representative, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Servicer, the Bondholder Representative or the Underwriter Group in connection with defending or investigating such Liabilities; provided that the Borrowers shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties; and provided further, the Borrowers shall have no liability if any member of the Underwriter Group fails to disclose any

or all of the Provided Information or modifies or changes any of the Provided Information without the prior written consent of the Borrowers.

Section 9.1.5. Indemnification Procedure. Promptly after receipt by an indemnified party under Sections 9.1.3 and 9.1.4 of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrowers, such indemnified party shall notify the Borrowers in writing of such commencement, but the omission to so notify the Borrowers will not relieve the Borrowers from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrowers. In the event that any action is brought against any indemnified party, and it notifies the Borrowers of the commencement thereof, the Borrowers will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrowers and reasonably satisfactory to such indemnified party. After notice from the Borrowers to such indemnified party under this Section 9.1.5, the Borrowers shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrowers may be liable hereunder without the prior Written Consent of the Borrowers.

Section 9.1.6. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9.1.4 is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 9.1.4, the Borrowers shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrowers' relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

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

CITY AND COUNTY OF SAN FRANCISCO,
CALIFORNIA

By: _____
Olson Lee,
*Director, Mayor's Office of Housing and
Community Development*

Approved as to form:

DENNIS J. HERRERA
City Attorney

By: _____
Heidi J. Gewertz,
Deputy City Attorney

500 FOLSOM, L.P.,
a California limited partnership

By: Essex 500 Folsom, LLC,
a Delaware limited liability company,
its Administrative General Partner

By: Essex Portfolio, L.P.,
a California limited partnership
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation
its General Partner

By: _____
Name: _____
Title: _____

By: BRIDGE 500 Folsom LLC,
a California limited liability company,
its Managing General Partner

By: MCB Family Housing, Inc.,
a California nonprofit public benefit corporation,
its sole member

By: _____
Ann Silverberg, Vice President

BLOCK 9 MRU RESIDENTIAL, LLC,
a Delaware limited liability company

By: Essex Portfolio, L.P.,
a California limited partnership,
its Authorized Signatory

By: Essex Property Trust, Inc.,
a Maryland corporation,
its General Partner

By: _____
Name: _____
Title: _____

[Signature Page to Loan Agreement – Lower 500 Folsom Residential]

EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to the Loan Agreement as if set forth in the text thereof. Capitalized terms used but not defined in this Appendix shall have the meanings given in the Loan Agreement.

1. Nondiscrimination; Penalties.

(a) *Non Discrimination in Contracts.* The Borrower shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. The Borrower shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. The Borrower is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2.* The Borrower does not as of the date of this Loan Agreement, and will not during the term of this Loan Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(c) *Condition to Contract.* As a condition to the Loan Agreement, the Borrower shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Loan Agreement. By entering into this Loan Agreement, the Borrower confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

3. Tropical Hardwood and Virgin Redwood Ban. Under San Francisco Environment Code Section 804(b), the City urges the Borrower not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Borrower to remove from, City facilities personnel of such Borrower who the Commission has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City’s ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The Commission shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled

substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. The Borrower shall provide the services specified in the Loan Agreement in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. The Borrower acknowledges that this Loan Agreement and all records related to its formation, such Borrower's performance of services provided under the Loan Agreement, and the City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Loan Agreement, The Borrower acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of the Borrower's board of directors; the Borrower's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in such Borrower; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Borrower. The Borrower must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

8. Requiring Minimum Compensation for Covered Employees. The Borrower shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. The Borrower is subject to the enforcement and penalty provisions in Chapter 12P. By entering into this Loan Agreement, the Borrower certifies that it is in compliance with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. The Borrower shall comply with San Francisco Administrative Code Chapter 12Q. The Borrower shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. The Borrower is subject to the enforcement and penalty provisions in Chapter 12Q.

10. Prohibition on Political Activity with City Funds. In performing the services provided under the Loan Agreement, the Borrower shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Loan Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. The Borrower is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Loan Agreement requires the City to disclose "Private Information" to a Borrower within the meaning of San Francisco Administrative Code Chapter 12M, the Borrower shall use such information consistent with the restrictions stated in Chapter 12M and in this Loan Agreement and only as necessary in performing the services provided under the Loan Agreement. The Borrower is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under the Loan Agreement, the Borrower may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to a Borrower, such information must be held by such Borrower in confidence and used only in performing the Loan Agreement. The Borrower shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. The Borrower agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Loan Agreement. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Borrowers' obligations under Chapter 12T is set forth in this Section. The Borrower is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Loan Agreement shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to an Borrower's operations to the extent those operations are in furtherance of the performance of this Loan Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Loan Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code §§ 21.35, including the enforcement and penalty provisions, is incorporated into this Loan Agreement. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

14. Conflict of Interest. By entering into the Loan Agreement, the Borrower certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Loan Agreement.

15. Assignment. The services provided under the Loan Agreement to be performed by the Borrower are personal in character and neither this Loan Agreement nor any duties or obligations may be assigned or delegated by a Borrower unless first approved by the City by written instrument executed and approved in the same manner as this Loan Agreement. Any purported assignment made in violation of this provision shall be null and void.

16. Food Service Waste Reduction Requirements. The Borrower shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Cooperative Drafting. This Loan Agreement has been drafted through a cooperative effort of the City and the Borrower, and all parties have had an opportunity to have the Loan Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Loan Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Loan Agreement.

18. Laws Incorporated by Reference. The full text of the laws listed in this Appendix __, including enforcement and penalty provisions, are incorporated into this Loan Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix A are available at www.sfgov.org under "Open Gov."

19. Sugar-Sweetened Beverage Prohibition. The Borrower agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Loan Agreement.