
INDENTURE OF TRUST

by and between the

**CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA,
as City**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

dated as of November 1, 2017

**relating to:
\$316,800,000
City and County of San Francisco, California
Multifamily Housing Revenue Bonds, Series 2017E
(1500 Mission Street Apartments)**

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INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of November 1, 2017 (this “Indenture”), is by and between 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 (herein called the “City”), and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as Trustee hereunder (herein called the “Trustee”). Capitalized terms used in this Indenture have the meanings given to them in the Recitals hereto and in Section 1.01 hereof.

RECITALS:

WHEREAS, pursuant to Section 9.107 of the Charter of the City, and Article I of Chapter 43 of the City’s Administrative Code and, to the extent applicable, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code (collectively, the “Act”), the City proposes to issue its City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2017E (1500 Mission Street Apartments) (the “Bonds”); and

WHEREAS, the proceeds of the Bonds will be used to fund a loan (the “Loan”) to 1500 Mission Urban Housing, LP, a Delaware limited partnership (the “Borrower”) pursuant to the Loan Agreement, dated as of November 1, 2017 (the “Loan Agreement”), between the City and the Borrower, and as provided in the Construction Funding Agreement, dated as of November 1, 2017 (the “Construction Funding Agreement”), among the Borrower, the Trustee, and Deutsche Bank Securities, Inc., as Bondholder Representative, and Deutsche Bank Securities, Inc., as Servicer, all in order to provide financing for the construction of a multifamily rental housing project identified as “1500 Mission Street Apartments,” consisting of 550 housing units (including two manager’s units), in a 39-floor multifamily housing development located at 1500-1580 Mission Street in the City (the “Project”); and

WHEREAS, the Project will include 110 rental housing units which will be affordable to very low income tenants and [one] manager’s unit (the “Affordable Project”), and 438 rental housing units which will be rented at market rates and [one] manager’s unit (the “Market Project”); and

WHEREAS, to evidence their payment obligations under the Loan Agreement, the Borrower will execute and deliver a Multifamily Note dated as of the Closing Date (referred to herein as the “Note”), and the obligations of the Borrower under the Note will be secured by a lien on and security interest in the Project pursuant to a Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith (the “Deed of Trust”), made by the Borrower in favor of the City, and assigned by the City without recourse to the Trustee; and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and

secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the City has authorized the execution and delivery of this Indenture; and

WHEREAS, all conditions, things and acts required by the Act, and by all other laws of the State, to exist, have happened and have been performed in satisfaction of conditions precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed in due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purposes, in the manner and upon the terms herein provided; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the City, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

A G R E E M E N T :

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the Bond Obligations and the Borrower Payment Obligations and the performance of the covenants herein and in the Bonds contained, to declare the terms and conditions on which the Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Bondholders, and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the City by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee (except as limited by this Indenture) for the benefit of the Bondholders, a lien on and security interest in the following described property (excepting, however, the Reserved Rights):

(a) All right, title and interest of the City in, to and under the Loan Agreement and the Note, including, without limitation, all rents, revenues and receipts derived by the City from the Borrower relating to the Project and including, without limitation, the Initial Bond Fund Deposit, all Pledged Revenues, Loan Payments and Additional Payments derived by the City under and pursuant to, and subject to the provisions of, the Loan Agreement;

(b) All right, title and interest of the City in, to and under, together with all rights, remedies, privileges and options pertaining to, the Bond Documents, and all other payments, revenues and receipts derived by the City under and pursuant to, and subject to the provisions of, the Bond Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Trustee under this Indenture (but excluding the Expense Fund and the Rebate Fund), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein;

(d) Any and all moneys and investments from time to time on deposit in, or forming a part of, the Remaining Bond Proceeds Account and the Remaining Bond Proceeds Account Earnings Subaccount, any Negative Arbitrage Deposit and any other amounts held under the Contingency Draw-Down Agreement, subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(e) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the City or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Loan Agreement may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the Bonds and to hold and apply all such property subject to the terms hereof;

TO HAVE AND TO HOLD all said property, rights and privileges of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said property, rights and privileges being herein collectively called, the "Trust Estate") unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for the benefit and security of the Bondholders, as herein provided, and otherwise to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, the City covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Registered Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

The term “Act” shall mean, collectively, Section 9.107 of the Charter of the City, Article I of Chapter 43 of the San Francisco Administrative Code of the City and County of San Francisco, and, to the extent applicable, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code.

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

The term “Additional Payments” shall mean the payments payable by the Borrower pursuant to Section 5.1(d) and Section 6.14 of the Loan Agreement.

The term “Administrator” shall mean the City, or any substitute or replacement administrator appointed by the City as agent of the City in the administration of the Regulatory Agreement.

The term “Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

The term “Affordable Project” shall have the meaning set forth in the third Recital above.

The term “Agreement” or “Loan Agreement” shall mean the Loan Agreement, dated as of November 1, 2017, between the City and the Borrower, pursuant to which the City agrees to lend the proceeds of the Bonds to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term “Agreement of Environmental Indemnification” shall mean the Agreement of Environmental Indemnification, dated as of the date thereof, executed by the Borrower and the Guarantor for the benefit of the Bondholder Representative, the Servicer, the Trustee, and any lawful holder, owner or pledgee of the Note from time to time.

The term “Amortization Schedule” shall mean the schedule of monthly debt service payments on the Note as set forth therein, as such schedule may be amended from time to time.

The term “Approved Accounting Method” shall mean generally accepted accounting principles consistently applied throughout the applicable period and applicable to entities organized as the Borrower in the United States of America as of the date of the applicable financial report, or such other modified accrual or cash basis system of accounting approved by the Bondholder Representative which approval shall not be unreasonably withheld, conditioned or delayed.

The term “Assignment of Equity Interests” shall mean the Assignment of Equity Investor Capital Contributions, Pledge and Security Agreement, dated as of the date hereof, executed by the Affordable Borrower and the Market Borrower for the benefit of the Servicer, the Trustee, and any lawful owner or pledgee of the Note from time to time.

The term “Authorized Amount” shall mean \$316,800,000, the authorized maximum principal amount of the Bonds.

The term “Authorized Borrower Representative” shall mean any person or persons who at the time and from time to time may be designated and authorized to act on behalf of the Borrower by a written certificate of the Borrower furnished to the City, the Bondholder Representative, the Trustee and the Servicer and containing the specimen signature of such person and signed on behalf of the Borrower by its Borrower Controlling Entity, which certificate may designate one or more alternates.

The term “Authorized City Representative” shall mean the Mayor of the City, the Director or the Deputy Director of the Mayor’s Office of Housing and Community Development, or any other person designated to act in such capacity by a Certificate of the City containing the specimen signature of any of such persons which certificate may designate an alternate or alternates.

The term “Authorized Denomination” shall mean \$100,000 principal amount and any multiple of \$0.01 in excess thereof; provided, however, that (i) in any event, the aggregate principal amount of the Outstanding Bonds, if less than \$100,000, is an Authorized Denomination; and (ii) if a Credit Facility is in effect hereunder, “Authorized Denomination” shall mean (a) during any Daily Interest Rate Mode and Weekly Interest Rate Mode, \$100,000 principal amount and any multiple of \$5,000 in excess thereof, and (b) during any Term Rate Mode or Fixed Interest Rate Mode, \$5,000 principal amount and any multiple of \$5,000 in excess thereof.

The term “Bankruptcy Code” shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

The term “Beneficial Owner” shall mean the person in whose name a Bond is recorded as beneficial owner of such Bond by the Trustee or by a Securities Depository, a Participant or an Indirect Participant on the records of the Trustee or of a Securities Depository, a Participant or an Indirect Participant, as the case may be, or such person’s subrogee.

The term “Bond Counsel” shall mean any attorney at law or other firm of attorneys selected by the City, of nationally recognized standing in matters pertaining to the federal tax

status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

The term “Bond Counsel Approving Opinion” shall mean an opinion of Bond Counsel substantially to the effect that, based on existing laws, regulations, rulings and court decisions, the Bonds constitute valid and binding obligations of the City and that the interest on the Bonds is excluded from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

The term “Bond Counsel No Adverse Effect Opinion” shall mean an opinion of Bond Counsel substantially to the effect that, in respect of an action, such action will not, in and of itself, adversely affect any exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to the inclusion of customary exceptions).

The term “Bond Coupon Rate” shall mean the rate of interest accruing on the Bonds based on the Interest Rate Mode then in effect; provided that, following an Event of Default hereunder, the Bond Coupon Rate shall equal the Default Rate. In addition, the Bond Coupon Rate is intended to be and shall be a pass-through rate with respect to interest on the Note and, accordingly, shall include any interest payable under the Note in excess of interest at the foregoing rates. At no time may the Bond Coupon Rate exceed the Maximum Rate.

The term “Bond Documents” shall mean (i) the Loan Documents, (ii) this Indenture, (iii) the Regulatory Agreement, (iv) the Tax Certificate, (v) the Bond Purchase Agreement, (vi) the Continuing Disclosure Agreement, (vii) UCC financing statements, (viii) such assignments of management agreements, contracts and other rights as may be reasonably required under the terms of any of the Bond Documents, (ix) all other documents evidencing, securing, governing or otherwise pertaining to the Bonds or any other Bond Documents, and (x) all amendments, modifications, renewals and substitutions of any of the foregoing.

The term “Bond Fund” shall mean the fund by that name established pursuant to Section 5.02 hereof.

The term “Bond Obligations” shall mean the obligation of the City to pay the principal and purchase price of and the interest and premium, if any, on all Bonds as required by this Indenture.

The term “Bond Payment Date” shall mean (i) during any MMD Index Rate Mode, SIFMA Index Rate Mode, Weekly Interest Rate Mode or Daily Interest Rate Mode, the first Thursday of each month, following the conversion to such an Interest Rate Mode and ceasing on the Maturity Date; (ii) during any Fixed Interest Rate Mode or Term Rate Mode, (A) during a period when a Credit Facility does not enhance the Bonds pursuant to Section 2.12, [each February 1, May 1, August 1 and November 1], commencing on [February 1, 2018] and ceasing on the Maturity Date or the last day on which the Bonds are in a Term Rate Mode, as applicable, and (B) during a period when a Credit Facility enhances the Bonds pursuant to Section 2.12, each [May] 1 and [November] 1, commencing on the succeeding [May] 1 or [November] 1 following the conversion to such Fixed Interest Rate Mode or Term Rate Mode, and ceasing on

the Maturity Date or the last day on which the Bonds are in a Term Rate Mode, as applicable; or (iii) any date the Bonds are subject to redemption pursuant to the provisions hereof and the Maturity Date. In any case where any Bond Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day without accruing additional interest.

The term “Bond Purchase Agreement” shall mean the Bond Purchase Agreement by and among the City, the Bond Purchaser, the Initial Purchaser and the Borrower, executed in connection with the Bonds.

The term “Bond Purchase Date” shall mean, collectively, the date on which the Bonds are subject to optional tender and purchase pursuant to the provisions of Section 11.01(a) hereof and each Mandatory Tender Date.

The term “Bond Purchaser” shall mean DBSI and its successors and assigns.

The term “Bond Register” shall mean the register maintained by the Trustee pursuant to Section 2.06 of this Indenture for the registration and transfer of the Bonds.

The term “Bondholder Representative” shall mean the Person or Persons who are designated by the Holders of a Majority Share to act as provided in Section 12.16(a) of this Indenture. DBSI shall be the initial Bondholder Representative. The Bondholder Representative may appoint a third party to act as its representative in certain capacities, provided it does so in writing and provides such written designation to the Trustee and the City.

The term “Bonds” shall mean the City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2017E (1500 Mission Street Apartments), issued and Outstanding under the Indenture (including any supplemental indenture).

The term “Bondowner,” “Holder,” “holder,” “Bondholder,” “Owner of the Bonds,” “Registered Owner” or “owner of the Bonds” shall mean the person in whose name the Bonds are registered in the Bond Register maintained by the Trustee under Section 2.06.

The term “Book-Entry System” shall mean a book-entry system established and operated for the recordation of Beneficial Owners pursuant to Section 2.10 of this Indenture.

The term “Borrower” shall mean 1500 Mission Urban Housing, LP, a Delaware limited liability company, and its permitted successors and assigns under the Bond Documents to which it is a party.

The term “Borrower Controlling Entity” shall mean, if the Borrower is a partnership, any general partner or managing general partner of the Borrower, or if the Borrower is a limited liability company, the manager or managing member of the Borrower, or if the Borrower is a for profit corporation, the shareholders of the Borrower holding, in the aggregate, more than 50% of the voting control of the Borrower, or if the Borrower is a non-profit corporation, two thirds or more of the board of directors of the Borrower.

The term “Borrower Payment Obligations” shall mean all payment obligations of the Borrower under the Loan Documents and each of the other Bond Documents, including, but not limited to, the Loan Payments and the Additional Payments.

The term “Business Day” means a day of the week (but not a Saturday, Sunday, or holiday) on which the Principal Office of Trustee is open to the public for carrying on substantially all of Trustee’s business functions.

The term “Cap Agreement” shall mean any interest rate cap agreement between the Borrower or its designee and any counterparty, as such agreement may be amended, supplemented or substituted from time to time, a security interest in which Cap Agreement shall be granted to the Trustee.

The term “Cap Agreement Requirements” shall mean an interest rate cap with a strike rate of 6%, a term of least 5 years, provided by a provider rated “AA” (or its equivalent) or higher by a Rating Agency and acceptable to the Bondholder Representative and otherwise consistent with industry standards, as determined by the Bondholder Representative in its sole discretion, or at a strike rate and maturity as otherwise approved in the sole discretion of Bondholder Representative.

The term “Cap Fee Escrow” shall mean the escrow account to be held by the Servicer to provide for payments made by the Borrower as required by Section 5.8 of the Loan Agreement for the purchase of a subsequent Cap Agreement.

The term “Cap Payments” shall mean payments received from time to time by the Trustee in accordance with the Cap Agreement.

The term “Capitalized Interest Account” shall mean the Capitalized Interest Account of the Construction Fund created pursuant to Section 3.03(a) of this Indenture.

The term “Certificate of Authentication” shall mean the Certificate of Authentication attached to each Bond.

The term “Certificate of Completion” shall mean the certificate delivered by the Borrower, in accordance with Section 3.03(g) hereof in such form as determined by the Borrower, which contains a certification regarding the “95% Requirement” referred to in Section 3.03(b) hereof has been satisfied.

The term “Certificate of the City” shall mean a certificate of the City signed by an Authorized City Representative.

The term “Certified Resolution” shall mean a copy of a resolution of the City, certified by the Clerk of the Board of Supervisors of the City, to have been duly adopted by the City and to be in full force and effect on the date of such certification.

The term "City" shall mean the City and County of San Francisco, California, a municipal corporation, duly organized and existing under its charter and the laws and constitution of the State of California, the issuer of the Bonds hereunder, and its successors and assigns.

The term "Closing Date" shall mean [____], 2017, the date of initial delivery of the Bonds and funding of the Initial Disbursement.

The term "Code" or "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (i) the regulations promulgated by the United States Department of the Treasury under such section, (ii) any successor provision of similar import hereafter enacted, (iii) any corresponding provision of any subsequent Internal Revenue Code, and (iv) the regulations promulgated under the provisions described in (ii) and (iii).

The term "Completion Guaranty" shall mean the Completion Loan and Repayment Guaranty, dated as of the date of this Indenture and delivered by the Guarantor.

The term "Computation Date" shall have the meaning assigned to such term in Section 1.148-3(e) of the Regulations.

The term "Condemnation" shall mean any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Project, whether direct or indirect.

The term "Construction Fund" shall mean the fund by that name established pursuant to Section 3.03(a) hereof.

The term "Construction Funding Agreement" shall mean the Construction Funding Agreement, dated as of November 1, 2017, among the Trustee, the Bondholder Representative, the Servicer, and the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term "Construction Period" means the period beginning on the Closing Date and ending on the date on which the Certificate of Completion is delivered.

The term "Contingency Draw-Down Agreement" means the Contingency Draw-Down Agreement, dated as of November 1, 2017, among the Bondholder Representative, the Borrower and the Trustee relating to possible conversion of the Bond issue from a draw down bond issue to a fully funded bond issue.

The term "Continuing Disclosure Agreement" shall mean that Continuing Disclosure Agreement, dated as of the date hereof, between the Borrower and the Trustee, as dissemination agent, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Bonds subsequent to the Closing Date, as amended, supplemented or restated from time to time.

The term “Control” shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise. For purposes of this definition the term “beneficial equity interest” shall mean (i) in the case of a partnership, the partnership interests, (ii) in the case of a limited liability company, the voting membership interests, (iii) in the case of a corporation which issues voting shares, the issued and outstanding voting shares, and (iv) in the case of tax exempt corporation, the board of director members.

The term “Conversion Date” shall have the meaning ascribed thereto in the Construction Funding Agreement.

The term “Conversion Notice” means a written notice by the Servicer to the City, the Trustee and the Borrower (i) stating that each of the conditions to conversion in the Conversion Agreement has been satisfied or, if any of such conditions to conversion has not been satisfied it has been waived in writing by the Servicer, and (ii) specifying the Conversion Date.

The term “Costs of Issuance Deposit” shall mean the amount of \$[0.00].

The term “Costs of Issuance Fund” shall mean the Costs of Issuance Fund created pursuant to Section 5.02 of this Indenture.

The term “Credit Facility” shall mean (i) a letter of credit, surety bond, insurance policy, standby purchase agreement, guaranty, mortgage backed security or other credit facility, collateral purchase agreement or similar agreement issued by a financial institution (including without limitation Fannie Mae or Freddie Mac) which provides security for the payment of (a) the principal of and interest on the Bonds (but in no case less than all of the Outstanding Bonds) when due, and (b) the Purchase Price of the Bonds, in each case satisfactory to the applicable Rating Agency rating the Bonds, or (ii) any substitute credit enhancement for any of the above.

The term “Credit Facility Provider” shall mean the provider of a Credit Facility.

The term “Daily Interest Rate” shall mean (i) the rate of interest per annum during a Daily Interest Rate Mode determined by the Remarketing Agent on an Interest Rate Determination Date to be the lowest interest rate for the Interest Rate Period commencing on such Interest Rate Determination Date and applicable through the next succeeding Interest Rate Determination Date, in the reasonable judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bonds could be remarketed at par, plus the accrued interest, if any; or (ii) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Daily Interest Rate for whatever reason, or the Daily Interest Rate cannot be determined pursuant to clause (i) for whatever reason (including that a date is not a Business Day), the USD-SIFMA Municipal Swap Index then in effect; provided that in no event shall the Daily Interest Rate exceed the Maximum Rate.

The term “Daily Interest Rate Mode” shall mean the interest rate mode during any period when the Bonds bear interest at a Daily Interest Rate.

The term “DBAGNY” shall mean Deutsche Bank AG, New York Branch.

The term “DBSI” shall mean Deutsche Bank Securities, Inc.

The term “Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

The term “Deed of Trust” shall mean the Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, executed by the Borrower in favor of the City, for the purpose of securing the obligations of the Borrower under the Loan Documents, as such deed of trust may be originally executed or as from time to time supplemented or amended.

The term “Default” shall mean (i) the occurrence of an event, which, under any Bond Document, would, after the giving of notice and the expiration of all applicable cure periods, be an Event of Default under the applicable Bond Document, or (ii) a Loan Agreement Default.

The term “Default Rate” means a rate per annum equal to the lesser of (i) the maximum rate permitted by applicable law, or (ii) the default rate set forth in the Note, in each case compounded monthly (computed on the basis of actual days elapsed in a 365- (or 366-) day year), as applicable.

The term “Defeasance Rate” shall mean the lesser of (i) 12% per annum and (ii) the known interest rate on the Bonds for a given period.

The term “Determination of Taxability” shall mean, (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which City and Borrower were afforded the opportunity to participate, (iii) a determination by any court of competent jurisdiction, (iv) the enactment of legislation or (v) receipt by Trustee or Bondholder Representative, at the request of the City, the Borrower, the Trustee or the Bondholder Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Bonds is includable in gross income for federal income tax purposes of any Bondholder or any former Bondholder, other than a Bondholder who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (i) or (iii) shall be deemed to have occurred if the City (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, (b) abandonment of such appeal by the City or the Borrower, as the case may be, or (c) one year from the date of initial determination.

The term “Dissemination Agent” shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

The term “Draw-Down Notice” shall have the meaning ascribed thereto in the Contingency Draw-Down Agreement.

The term “Eligible Funds” shall mean (i) in the case of Bonds that are not credit enhanced with a Credit Facility, any moneys held by the Trustee in any fund or account under this Indenture and available, pursuant to the provisions hereof, to be used to pay principal of, premium, if any, or interest on, the Bonds, and (ii) in the case of Bonds that are credit enhanced by a Credit Facility, (a) remarketing proceeds received from the Remarketing Agent or any purchaser (other than funds provided by the Borrower, any general partner, member or guarantor of the Borrower or the City), (b) proceeds received pursuant to the Credit Facility, (c) proceeds of the Bonds received contemporaneously with the issuance and sale of the Bonds, (d) refunding bond proceeds, (e) proceeds from the investment or reinvestment of money described in clauses (a), (b) and (c) above, or (f) money delivered to the Trustee and accompanied by a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the City were to become a debtor in a proceeding under the Bankruptcy Code: (1) payment of such money to holders of the Bonds would not constitute an avoidable preference under Section 547 of the Bankruptcy Code and (2) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Bonds.

[The term “Equipment” shall have the meaning given to the term “Personalty” in the Deed of Trust.]

The term “Equity Account” shall mean the Equity Account of the Construction Fund created pursuant to Section 3.03(a) of this Indenture.

The term “ERISA” shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated hereunder.

The term “ERISA Affiliate” shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

The term “Event of Default” shall have the meaning ascribed thereto in Section 7.01 of this Indenture.

The term “Exceptions to Non-Recourse Guaranty” shall mean the Exceptions to Non-Recourse Guaranty, dated as of the date of this Indenture, by the Guarantor.

The term “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

The term “Expense Fund” shall mean the Expense Fund created pursuant to Section 5.02 of this Indenture.

The term “Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Obligation-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Department of the Treasury, Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

The term “Final Computation Date” shall have the meaning assigned to such term in Section 1.148-3(e) of the Regulations.

The term “Fitch Ratings” means Fitch Ratings, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

The term “Fixed Interest Rate” shall mean [___] %.

The term “Fixed Interest Rate Mode” shall mean the interest rate mode during any period when the Bonds bear interest at a Fixed Interest Rate, which mode shall end on the earlier of the Maturity Date, the conversion to a new Interest Rate Mode under Section 2.11 hereof, or the first date on which no Bonds remain Outstanding.

The term “Government Obligations” shall mean noncallable, nonprepayable (i) direct, general obligations of the United States of America, or (ii) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book-entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

The term “Governmental Authority” shall mean any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) now or hereafter in existence.

The term “Gross Proceeds” shall mean, without duplication, the aggregate of: (i) the net amount (after payment of all expenses of issuing the Bonds) of Bond proceeds received by the City as a result of the sale of the Bonds; (ii) all amounts received by the City as a result of the investment of the Bond proceeds; (iii) any amounts held in any fund to the extent that the City

reasonably expects to use the amounts in such fund to pay any Bond Obligations; and (iv) any securities or obligations pledged by the City or by the Borrower as security for the payment of any Bond Obligation.

The term "Guarantor" shall have the meaning ascribed thereto in the Deed of Trust.

The term "Highest Rating Category" shall mean, with respect to an Investment Security, that the Investment Security is rated by each Rating Agency in the highest rating given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term "Highest Rating Category" means, with respect to an Investment Security, that the Investment Security is rated by S&P or Moody's in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax-exempt municipal debt established by S&P is "A 1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG-1" (for fixed rate) or "VMIG-1" (for variable rate) for three months or less and "Aaa" for greater than three months. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody's rate an Investment Security and (iii) one of those ratings is below the Highest Rating Category, then such Investment Security will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, an Investment Security rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Investment Security will be deemed to be rated below the Highest Rating Category. For example, an Investment Security rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

The term "Holders of a Majority Share" shall mean the Holder (or Beneficial Owner, if the Bonds are registered with a Book-Entry System pursuant to Section 2.10 of this Indenture) of more than 50% of the aggregate principal amount of all Outstanding Bonds (or beneficial interests therein), excluding from the numerator and the denominator for such calculation any Subordinate Bonds and excluding the Holder of Subordinate Bonds.

The term "Improvements" shall have the meaning ascribed thereto in the Deed of Trust.

The term "Indemnified Party" shall have the meaning ascribed thereto in Section 6.15 of the Loan Agreement.

The term "Indenture" shall mean this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

The term "Indexing Agent" shall mean the indexing agent appointed by the Bondholder Representative to determine the Bond Coupon Rate during the SIFMA Index Rate Mode or the MMD Index Rate Mode in accordance with the provisions of this Indenture. The initial Indexing Agent shall be the Trustee.

The term “Indirect Participant” shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

The term “Initial Bond Fund Deposit” shall mean any initial deposit to the Bond Fund to be made pursuant to Section 3.03(a) hereof from funds provided by the Borrower pursuant to Section 5.1(k) of the Loan Agreement. On the Closing Date, the Initial Bond Fund Deposit shall be \$[0.00].

The term “Initial Disbursement” means the initial advance of the proceeds of the Bonds by the Initial Purchaser on the Closing Date, in the amount of \$[55,000.00].

The term “Initial Purchaser” shall mean Hilltop Securities, Inc., a California corporation.

The term “Installment Computation Date” shall mean any Computation Date other than the first Computation Date or the Final Computation Date.

The term “Interest Period Reset Date” shall mean the date on which the interest rate on the Bonds converts from the Interest Rate Mode applicable to the Bonds prior to such date (including without limitation a Fixed Interest Rate Mode) to a new Interest Rate Mode. The Interest Period Reset Date for a new Interest Rate Mode following a Fixed Interest Rate Mode must occur on an Interest Payment Date. An Interest Period Reset Date shall be an Interest Rate Adjustment Date for the Interest Rate Mode in effect prior to such change.

The term “Interest Rate Adjustment Date” shall mean any date on which the interest rate on the Bonds may be adjusted, either as the result of the conversion of the current Interest Rate Mode on the Bonds to a different Interest Rate Mode, or by adjustment of the interest rate on the Bonds within the applicable Interest Rate Mode. The Interest Rate Adjustment Date shall be the Interest Period Reset Date and thereafter, for each succeeding Interest Rate Period, the first day of the next Interest Rate Period if the Bonds bear interest at the Term Rate; Thursday of each week if the Bonds bear interest at the Weekly Interest Rate, the MMD Index Rate or the SIFMA Index Rate; and the Interest Rate Determination Date if the Bonds bear interest at the Daily Interest Rate.

The term “Interest Rate Determination Date” shall mean (i) with respect to the Fixed Interest Rate and the Term Rate, the tenth Business Day preceding an Interest Rate Adjustment Date; (ii) with respect to the Weekly Interest Rate, the MMD Index Rate and the SIFMA Index Rate, not later than 5:00 p.m., New York, New York time, on Wednesday of each week, or the next preceding Business Day if such Wednesday is not a Business Day; provided that upon any conversion to the Weekly Interest Rate Mode, MMD Index Rate Mode or SIFMA Index Rate Mode from a different Interest Rate Mode, the first Interest Rate Determination Date shall mean not later than 5:00 p.m., New York, New York time, on the Business Day preceding the Interest Rate Adjustment Date; and (iii) with respect to the Daily Interest Rate, not later than 7:45 a.m., New York, New York time, on each Business Day.

The term “Interest Rate Mode” shall mean any of those modes of interest with respect to the Bonds permitted by this Indenture, specifically, the Daily Interest Rate Mode, the Weekly

Interest Rate Mode, the MMD Index Rate Mode, the SIFMA Index Rate Mode, the Term Rate Mode and the Fixed Interest Rate Mode. The initial Interest Rate Mode shall be as set forth in Section 2.02(f) hereof.

The term “Interest Rate Period” shall mean that period of time for which the interest rate with respect to the Bonds has been determined by the Remarketing Agent or otherwise as provided in the definition of the applicable Interest Rate Mode, commencing on the applicable Interest Rate Adjustment Date, and terminating on the day immediately preceding the following Interest Rate Adjustment Date, if any.

The term “Investment Agreement” shall mean any investment agreement, between the Trustee and the provider thereof, entered into by the Trustee at the written request of the Borrower; provided such investment agreement must constitute an Investment Security.

The term “Investment Income” shall mean the earnings on any investment of the amounts on deposit in the funds and accounts established under this Indenture.

The term “Investment Securities” shall mean any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Trustee and its affiliates), but only to the extent that the same are acquired at Fair Market Value:

- (a) Government Obligations.
- (b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.
- (c) Obligations, in each case rated in the Highest Rating Category, of (i) any state or territory of the United States of America, (ii) any agency, instrumentality, authority or political subdivision of a state or territory or (iii) any public benefit or municipal corporation the principal of and interest on which are guaranteed by such state or political subdivision.
- (d) Any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short term obligations are rated in the Highest Rating Category.
- (e) Commercial paper rated in the Highest Rating Category.
- (f) Interest bearing negotiable certificates of deposit, interest bearing time deposits, interest bearing savings accounts and bankers’ acceptances, issued by a Qualified Financial Institution if either (A) the Qualified Financial Institution’s unsecured short term obligations are rated in the Highest Rating Category or (B) such deposits, accounts or acceptances are fully collateralized by investments described in

clauses (a) or (b) of this definition or fully insured by the Federal Deposit Insurance Corporation.

(g) an agreement held by the Trustee for the investment of moneys at a guaranteed rate with a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or the Second Highest Rating Category, or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated in the Highest Rating Category or Second Highest Rating Category; provided that such agreement is in a form acceptable to the Bondholder Representative; and provided further that such agreement includes the following restrictions:

(1) the invested funds will be available for withdrawal without penalty or premium, at any time that (A) the Trustee is required to pay moneys from the Fund(s) established under this Indenture to which the agreement is applicable, or (B) any Rating Agency indicates that it will lower or actually lowers, suspends or withdraws the rating on the Bonds on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement;

(2) the agreement, and if applicable the guarantee or insurance, is an unconditional and general obligation of the provider and, if applicable, the guarantor or insurer of the agreement, and ranks *pari passu* with all other unsecured unsubordinated obligations of the provider, and if applicable, the guarantor or insurer of the agreement;

(3) the Trustee receives an Opinion of Counsel, which may be subject to customary qualifications, that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, an Opinion of Counsel that any guaranty or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement provides that if during its term the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable, the agreement, is withdrawn, suspended by any Rating Agency or falls below the Second Highest Rating Category, the provider must, within 10 days, either: (A) collateralize the agreement (if the agreement is not already collateralized) with Investment Securities described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, such collateralization to be effected in a manner and in an amount reasonably satisfactory to the Bondholder Representative, or, if the agreement is already collateralized, increase the collateral with Investment Securities described in paragraph (a) or (b) by depositing collateral with the Trustee or a third party custodian, in an amount reasonably satisfactory to the Bondholder Representative, (B) at the request of the Trustee or the Bondholder Representative, repay the principal of and accrued but unpaid interest on the

investment, in either case with no penalty or premium unless required by law or (C) transfer the agreement, guarantee or insurance, as applicable, to a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the Highest Rating Category or the Second Highest Rating Category. The agreement may provide that the down-graded provider may elect which of the remedies to the down-grade (other than the remedy set out in (B)) to perform.

Notwithstanding anything else in this Paragraph (g) to the contrary and with respect only to any agreement described in this Paragraph or any guarantee or insurance for any such agreement which is to be in effect for any period after the Conversion Date, any reference in this Paragraph to the "Second Highest Rating Category" will be deemed deleted so that the only acceptable rating category for such an agreement, guarantee or insurance will be the Highest Rating Category.

(h) Subject to the ratings requirements set forth in this definition, shares in any money market mutual fund (including those of the Trustee or any of its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAM-G or AAAM by S&P or Aaa by Moody's so long as the portfolio of such money market mutual fund is limited to Government Obligations and agreements to repurchase Government Obligations. If approved in writing by the Bondholder Representative, a money market mutual fund portfolio may also contain obligations and agreements to repurchase obligations described in paragraphs (b) or (c). If the Bonds are rated by a Rating Agency, the money market mutual fund must be rated AAAM-G or AAAM by S&P, if S&P is a Rating Agency, or Aaa by Moody's, if Moody's is a Rating Agency. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the money market mutual fund must be rated AAAM-G or AAAM by S&P or Aaa by Moody's. If at any time (i) the Bonds are not rated, (ii) both S&P and Moody's rate a money market mutual fund and (iii) one of those ratings is below the level required by this paragraph, then such money market mutual fund will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency.

(i) Any other investment authorized by the laws of the State and otherwise permissible under the Debt Policy of the City Controller's Office (as in effect from time to time), if such investment is approved in writing by the Bondholder Representative.

Investment Securities shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment with a final maturity or any agreement with a term greater than one year from the date of the investment. This exception (1) shall not apply to any obligation that provides for the optional or mandatory tender, at par, by the holder of such obligation at least once within one year of the date of purchase, Government Obligations irrevocably deposited with the Trustee for payment of

Bonds pursuant to Section 14.2, and Investment Securities listed in paragraphs (g) and (i).

(2) Except for any obligation described in paragraph (a) or (b), any obligation with a purchase price greater or less than the par value of such obligation.

(3) Any asset-backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset-backed securities and auto loan asset-backed securities.

(4) Any interest-only or principal-only stripped security.

(5) Any obligation bearing interest at an inverse floating rate.

(6) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(7) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

(8) Any investment described in paragraph (d) or (g) with, or guaranteed or insured by, a Qualified Financial Institution described in clause (iv) of the definition of Qualified Financial Institution if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment.

(9) Any investment to which S&P has added an “r” or “t” highlighter.

The term “Investor Letter” shall mean a letter in substantially the form attached to this Indenture as EXHIBIT C, duly executed by a purchaser of Bonds and delivered to the Trustee.

The term “Investor Limited Partner” shall mean the party, if any, that purchases an equity interest in the Project, and such party’s successors and assigns.

The term “Issuance Costs” means all costs and expenses of issuance of the Bonds, including, but not limited to: (i) any Bond Purchaser’s discount and fees; (ii) counsel fees, including bond counsel and Borrower’s counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds or the Loan; (iii) the City’s fees and expenses incurred in connection with the issuance of the Bonds, including fees of any counsel or advisor to the City, and the City administrative fee for processing the request of the Borrower to issue the Bonds; (iv) fees of the Bondholder Representative and its counsel; (v) Trustee’s fees and Trustee’s counsel fees; (vi) paying agent’s and certifying and authenticating agent’s fees related to issuance of the Bonds; (vii) accountant’s fees related to issuance of the Bonds; (viii)

publication costs associated with the financing proceedings; and (ix) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

The term “Issuer’s Closing Fee” shall mean the City’s issuance fee specified in Section 19 of the Regulatory Agreement payable by the Borrower to the City on or before the Closing Date from amounts in the Costs of Issuance Fund, or otherwise.

The term “Issuer’s Ongoing Fee” shall mean the City’s annual fee with respect to the Bonds in the amount as set forth in and in accordance with and pursuant Section 6.11 of the Loan Agreement and Section 19 of the Regulatory Agreement.

The term “Late Charge” shall mean the amount due and payable as a late charge on overdue payments under the Note, as provided in Section 7 of the Note and Section 5.1(d) of the Loan Agreement.

The term “Leases” shall mean the leases (with changes for the identity of the tenant, the term, the rental amount and the unit number and other changes as permitted under the Loan Documents) entered into for apartment units within the Project on the standard form of lease that has been approved by the Bondholder Representative.

The term “Legal Requirements” shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property or the construction, rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

The term “Letter of Representations” shall mean any letter of representations between the City and a Securities Depository.

The term “Liabilities” shall have the meaning set forth in Section 6.15 of the Loan Agreement.

The term “Lien” shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

The term “Loan” shall mean the loan of the proceeds of the Bonds made by the City to the Borrower pursuant to the Loan Agreement and the Construction Funding Agreement for the purpose of financing the construction of the Project.

The term “Loan Agreement” shall mean the Agreement, as defined herein.

The term “Loan Agreement Default” shall mean any event of default set forth in 7.1(a) of the Loan Agreement. A Loan Agreement Default shall “exist” if a Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

The term “Loan Amount” shall mean the amount of \$316,800,000.

The term “Loan Documents” shall mean the Loan Agreement, the Note, the Deed of Trust, the Construction Funding Agreement, the Contingency Draw-Down Agreement, the Exceptions to Non-Recourse Guaranty, the Agreement of Environmental Indemnification, the Completion Guaranty, the Replacement Reserve Agreement and all other documents or agreements evidencing or relating to the Loan.

The term “Loan Payment Date” shall mean (i) when the Bonds are in the SIFMA Index Rate Mode, the MMD Index Rate Mode, the Daily Interest Rate Mode or the Weekly Interest Rate Mode, the Friday immediately preceding the Bond Payment Date, or, if such day is not a Business Day, the immediately succeeding day that is a Business Day, (ii) when the Bonds are in the Fixed Interest Rate Mode or the Term Rate Mode, the second Business Day next preceding the related Bond Payment Date, or (iii) any other date on which the Note is prepaid or paid, whether at the scheduled maturity or upon the redemption or acceleration of the maturity thereof.

The term “Loan Payments” shall mean the monthly loan payments payable pursuant to the Note and transferred to the Trustee by the Servicer, which payments shall include amounts necessary to fund the amounts payable for Third Party Fees.

The term “Management Agreement” shall mean the Management Agreement to be entered into at or prior to substantial completion of the Project, between the Borrower and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

The term “Manager” shall mean the management company to be employed by the Borrower and approved by any Bondholder Representative in accordance with the terms of the Deed of Trust, the Loan Agreement or any of the other Bond Documents. The initial property manager will be Related Management Company, L.P., a New York limited partnership].

The term “Mandatory Tender Date” shall mean (i) a Substitution Date, (ii) any date when the Bonds are converted from one Interest Rate Mode to a different Interest Rate Mode (other than changes from the Daily Interest Rate to the Weekly Interest Rate or from the Weekly Interest Rate to the Daily Interest Rate), (iii) the Interest Rate Adjustment Date associated with the end of an Interest Rate Period when the Bonds bear interest at a Term Rate, and (iv) the expiration date of the Credit Facility, if applicable, if not renewed or otherwise substituted.

The term "Market Project" shall have the meaning set forth in the third Recital above.

The term "Maturity Date" shall mean [November 1, 2052].

The term "Maximum Rate" shall mean the lesser of (i) 10% per annum and (ii) the maximum interest rate that may be paid on the Bonds under applicable State law.

The term "MMD Index Rate" shall mean a rate equal to the index rate resets of tax exempt variable rate issues known as Municipal Market Data General Obligation, AAA Index, with a designated maturity most closely approximating the period of time for which the MMD Index Rate may apply, as published on any Business Day by Municipal Market Data, a Thomson Financial Services Company, or its successors, plus a spread established by the Bondholder Representative; provided that in no event shall the MMD Index Rate exceed the Maximum Rate.

The term "MMD Index Rate Mode" shall mean the interest rate mode during any period when the Bonds bear interest at the MMD Index Rate.

The term "Moody's" means Moody's Investors Service, Inc., and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

The term "Negative Arbitrage Deposit" has the meaning set forth in the Contingency Draw-Down Agreement.

The term "Nonpurpose Investment" shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Bonds and which is not acquired to carry out the governmental purpose of the Bonds.

The term "Note" means the promissory note evidencing the obligation of the Borrower to repay the Loan, dated the Closing Date, in the stated principal amount of the Loan Amount and executed by the Borrower in favor of the City, as assigned by the City without recourse to the Trustee, as it may be amended, supplemented or replaced from time to time.

The term "Notice of Interest Rate Conversion" shall have the meaning ascribed hereto in Section 2.11 and attached hereto as EXHIBIT E.

The term "Notice of Subordination of Bonds" shall have the meaning ascribed thereto in Article XIII and substantially in the form attached hereto as EXHIBIT F.

The term "Office of the Trustee" shall mean the applicable office of the Trustee at the address set forth in Section 12.06, or at such other place or places as may be designated by the Trustee from time to time.

The term “Opinion of Counsel” shall mean a written opinion from an attorney or firm of attorneys, acceptable to the City, the Trustee and the Bondholder Representative with experience in the matters to be covered in the opinion.

The term “Other Charges” shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

The term “Outstanding,” when used as of any particular time with reference to Bonds, shall, subject to the provisions of Section 12.08(e), mean all Bonds theretofore authenticated and delivered by the Trustee under this Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.02) shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds);

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.05 or 2.07;

(d) Bonds not tendered when required under the provisions of this Indenture which are deemed tendered; and

(e) the principal of the Bonds authorized but not yet drawn-down and delivered by the Bond Purchaser, as applicable.

The term “Participant” shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

The term “Permitted Encumbrances” shall have the meaning given such term in the Deed of Trust.

The term “person” or “Person” shall mean an individual, a limited liability company, a corporation, a partnership, a limited partnership, a limited liability partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

The term “Plan” shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

The term “Pledged Bonds” shall mean Bonds (or portions thereof) purchased with moneys drawn under a Credit Facility, if any.

The term “Pledged Bonds Remarketing Date” shall have the meaning ascribed to such term in Section 11.05(c) hereof.

The term “Pledged Revenues” shall mean the amounts pledged under this Indenture to the payment of the principal of and premium and interest on the Bonds, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the City is entitled (other than amounts received by the City with respect to the Reserved Rights) and which are held by the Trustee, derived from or in connection with the Project and the Bond Documents, including all Loan Payments due under the Loan Agreement and the Note, all Cap Payments, if any, payments with respect to the Loan Payments made under the Swap Agreement, if applicable, and all amounts obtained through the exercise of the remedies provided in the Bond Documents and all receipts of the Trustee credited under the provisions of this Indenture against said amounts payable, and (ii) moneys held in the funds and accounts established under this Indenture, together with investment earnings thereon (except any amounts on deposit in the Expense Fund and the Rebate Fund). “Pledged Revenues” shall not include, in any event, payments to the United States, the Trustee, the City (by, on behalf, or pursuant to a specified covenant in the Loan Agreement hereafter referenced), or the Administrator pursuant to Sections 2.3, 2.4, 5.1(h), 5.1(i), 5.1(j), 6.14, 6.15, 6.17(i) or 7.4 of the Loan Agreement, Sections 2.05(c), 3.04, 6.07 or 8.06 of this Indenture, or Sections 8 or 19 of the Regulatory Agreement.

The term “Pre-Conversion Loan Equalization Payment” shall mean a partial prepayment of the Loan in accordance with the Construction Funding Agreement in connection with Conversion.

The term “Prepayment Premium” shall mean, as applicable, (i) any premium payable by the Borrower pursuant to the Loan Documents in connection with a prepayment of the Note (including any prepayment premium as set forth in the Note) and (ii) any premium payable on the Bonds pursuant to this Indenture.

The term “Principal Office” shall mean the office of the Trustee located at the address set forth in Section 12.06(a) hereof, or at such other place as the Trustee shall designate by notice given under said Section 12.06.

The term “Principal Reserve Amount” shall mean initially zero percent (0.0%) of the aggregate principal amount of the Bonds originally issued and delivered, but upon delivery of a Written Notice of the Borrower, with the Written Consent of the Bondholder Representative, may mean any amount designated by the Borrower with the Written Consent of the Bondholder Representative, provided, however, that such amount shall never exceed twenty percent (20%) of the aggregate principal amount of the Outstanding Bonds.

The term “Principal Reserve Fund” shall mean the Principal Reserve Fund established pursuant to Section 5.02.

The term “Principal Reserve Fund Deposit” shall mean each deposit required to be made pursuant to the Principal Reserve Fund Deposit Schedule.

The term “Principal Reserve Fund Deposit Schedule” shall mean the Principal Reserve Fund Deposit Schedule (if any) attached to the Note which may be revised from time to time by the Bondholder Representative and Borrower as provided in Section 4.01(e) or Section 5.10.

The term “Project” means, collectively, the Affordable Project and the Market Project. The term “Project Costs” has the meaning given such term in the Regulatory Agreement.

The term “Proportionate Basis” when used with respect to the redemption of Bonds, shall mean that the aggregate principal amount of each maturity and/or each CUSIP (and series, if applicable) to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of Bonds of each maturity and/or each CUSIP (of each series, if applicable) then Outstanding and to be redeemed bears to the principal amount of all Bonds (of such series, if applicable) then Outstanding and to be redeemed; provided that if the amount available for redemption of Bonds of any maturity is insufficient to redeem a multiple of the minimum Authorized Denomination, such amount shall be applied to the redemption of the highest possible integral multiple (if any) of the minimum Authorized Denomination. For purposes of the foregoing, the Bonds shall be deemed to mature in the years and in the amounts of the sinking fund installments as set forth in Section 4.01(g). Any Bonds purchased with moneys that would otherwise be applied to redemption on a Proportionate Basis on the next succeeding Bond Payment Date shall be taken into account in determining “Proportionate Basis” with respect to such redemption. When used with respect to the purchase of Bonds “Proportionate Basis” shall have the same meaning as set forth above (substituting purchase for redeem or redemption, and purchased for redeemed).

The term “Purchase Price” shall mean (i) the price paid for the purchase of Bonds in lieu of redemption pursuant to Section 4.05 of this Indenture, which shall be equal to the applicable Redemption Price, and (ii) if Bonds are subject to optional or mandatory tender in any Interest Rate Mode, the price payable to Bondholders equal to the principal amount of the Outstanding Bonds plus accrued interest thereon to the date of purchase.

The term “Qualified Financial Institution” shall mean any of: (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, (vi) securities dealer approved in writing by the Bondholder Representative the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation and (vii) any other entity which is acceptable to the Bondholder Representative. With respect to an entity which provides an agreement held by the Trustee for the investment of moneys at a guaranteed rate as set out in paragraph (g) of the definition of the term “Investments Securities” or an entity which guarantees or insures, as applicable, the agreement, a “Qualified Financial Institution” may also

be a corporation or limited liability company organized under the laws of any state of the United States of America.

The term “Qualified Project Costs” shall have the meaning given such term in the Regulatory Agreement.

The term “Rating Agency” shall mean any one and each of S&P, Moody’s and Fitch Ratings then rating the Bonds or the Securities or any other nationally-recognized statistical rating agency then rating the Bonds or the Securities, which has been approved by the Bondholder Representative.

The term “Rebate Amount” shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Bonds.

The term “Rebate Analyst” shall mean the rebate analyst selected by the Borrower prior to the Closing Date and acceptable to the City and the Bondholder Representative. The Borrower shall select the initial Rebate Analyst and shall obtain the written acceptance of the City and the Bondholder Representative at least ninety (90) days prior to the fifth anniversary of the Closing Date.

The term “Rebate Analyst’s Fee” shall mean the fee of the Rebate Analyst on or about each rebate calculation date, commencing on the fifth anniversary of the Closing Date, and on each fifth anniversary thereafter. The Rebate Analyst’s Fee is payable by the Trustee to the Rebate Analyst upon receipt of an invoice from the Expense Fund.

The term “Rebate Fund” shall mean the Rebate Fund created pursuant to Section 5.02 of this Indenture.

The term “Record Date” shall mean (i) while the Bonds bear interest in the MMD Index Rate Mode, the SIFMA Index Rate Mode, the Weekly Interest Rate Mode and the Daily Interest Rate Mode, the day immediately prior to any Bond Payment Date, or (ii) while the Bonds bear interest in the Term Rate Mode or the Fixed Interest Rate Mode, the fifteenth (15th) calendar day of the month preceding the applicable Bond Payment Date.

The term “Redemption Date” shall mean any date designated as a date upon which Bonds are to be redeemed pursuant to this Indenture.

The term “Redemption Price” shall mean the sum of (a) the outstanding principal amount of the Bonds to be redeemed, (b) accrued and unpaid interest on the Bonds to be redeemed to the date of redemption (including any additional interest required to be paid under the Note following a Determination of Taxability) and (c) the Prepayment Premium, if any.

The term “Registered Holder” shall mean the Person or Persons in whose name or names the Bonds are registered in the Bond Register.

The term "Registered Owners" shall have the meaning set forth in the definition of "Bondholders."

The term "Regulations" means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

The term "Regulatory Agreement" shall mean the Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith, by and between the City and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

The term "Reimbursement Agreement" shall mean any reimbursement agreement or similar agreement between the Borrower and the Credit Facility Provider, as such agreement may be amended from time to time.

The term "Related Person" shall mean a "related person" within the meaning of Section 147(a) of the Code.

The term "Remaining Bond Proceeds Account" has the meaning set forth in the Contingency Draw-Down Agreement.

The term "Remaining Bond Proceeds Account Earnings Subaccount" has the meaning set forth in the Contingency Draw-Down Agreement.

The term "Remarketing Agent" shall mean any remarketing agent satisfying the requirements of Section 8.16 hereof and approved by the Bondholder Representative and the City.

The term "Remarketing Agreement" shall mean any remarketing agreement between the Remarketing Agent and the Borrower for purposes of remarketing the Bonds, as such agreement may be amended from time to time.

The term "Remarketing Proceeds Fund" shall mean the Remarketing Proceeds Fund created pursuant to Section 5.02.

The term "Rents" shall have the meaning ascribed thereto in the Deed of Trust.

The term "Replacement Reserve Agreement" shall mean any Replacement Reserve Agreement between the Borrower and the Trustee, as the same may be amended, restated or supplemented from time to time.

The term "Reserved Rights" means those certain rights of the City under the Loan Agreement to indemnification and to payment or reimbursement of fees and expenses of the City, including the Issuer's Ongoing Fee as well as the fees and expenses of counsel, and indemnity payments, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books,

records and premises of the Borrower and of the Project, its right to collect attorney's fees and related expenses, its right to specifically enforce the Borrower's covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the City), its right to receive notices under the Loan Agreement, its rights to give or withhold consent to amendments, changes, modifications and alterations to the Loan Agreement as specifically set forth herein, and to the extent not included above, the rights specifically reserved by the City under Section 5.14 of this Indenture.

The term "Resolution" shall mean the resolution of the City authorizing the issuance of the Bonds and the execution and delivery of the Bond Documents to which it is a party.

The term "Responsible Officer" of the Trustee shall mean any officer of the Trustee assigned to administer its duties hereunder.

The term "Second Highest Rating Category" shall mean, with respect to an Investment Security, that the Investment Security is rated by each Rating Agency in the second highest rating category given by that Rating Agency for that general category of security. If at any time the Bonds are not rated (and, consequently, there is no Rating Agency), then the term "Second Highest Rating Category" means, with respect to an Investment Security, that the Investment Security is rated by S&P or Moody's in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax-exempt municipal debt established by S&P is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa." If at any time (i) the Bonds are not rated, (ii) both S&P and Moody's rate an Investment Security and (iii) one of those ratings is below the Second Highest Rating Category, then such Investment Security will not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated "AA" by S&P and "A" by Moody's is not rated in the Second Highest Rating Category.

The term "Secondary Market Transaction" shall have the meaning set forth in Section 9.1.1 of the Loan Agreement.

The term "Securities" shall have the meaning ascribed thereto in Section 9.1.1 of the Loan Agreement.

The term "Securities Act" shall mean the Securities Act of 1933, as amended.

The term "Securities Depository" shall mean The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

The term "Securities Depository Nominee" shall mean the Securities Depository or the nominee of such Securities Depository in whose name the Bonds shall be registered on the registration books of the City while the Bonds are in a Book-Entry System.

The term "Senior Bonds" shall mean, initially, the Bonds; provided that the Bondholder Representative may designate any Authorized Denomination of Bonds as "Senior Bonds" pursuant to Article XIII in connection with the designation of Subordinate Bonds.

The term “Servicer” shall mean the Servicer contracting with or appointed by the Bondholder Representative to service the Loan. The initial servicer shall be DBSI.

The term “Servicer Remittance Date” shall mean the first Business Day immediately preceding the Bond Payment Date, commencing on [January 31], 2018.

The term “Servicing Agreement” shall mean any servicing agreement or master servicing agreement, among the Servicer, the Trustee, the Swap Counterparty (if any, as approved by the Bondholder Representative), and the Bondholder Representative relating to the servicing of the Loan and any amendments thereto or any replacement thereof.

The term “SIFMA” shall mean the Securities Industry & Financial Markets Association (formerly The Bond Markets Association), and any successor thereto.

The term “SIFMA Index Rate” shall mean a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA (formerly The Bond Markets Association) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Bondholder Representative, plus a spread established by the Bondholder Representative at the time the SIFMA Index Rate becomes effective; provided that in no event shall the SIFMA Index Rate exceed the Maximum Rate.

The term “SIFMA Index Rate Mode” shall mean the interest rate mode during any period when the Bonds bear interest at the SIFMA Index Rate.

The term “S&P” shall mean S&P Global Ratings, and its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the City.

The term “State” shall mean the State of California.

The term “Subordinate Bonds” shall mean any Authorized Denomination of Bonds so designated by the Bondholder Representative as “Subordinate Bonds” pursuant to Article XIII.

The term “Subordinate Debt” means the [Taxable Note - revise when caption available]

The term “Subordinate Debt Documents” shall mean: an Issuing and Paying Agent Agreement, a Standby Letter of Credit, a Dealer Agreement, an Offering Memorandum, a Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, a Recourse Guaranty, an Environmental Compliance and Indemnification Agreement, and a Reimbursement Agreement.

The term “Substitution Date” shall mean any Business Day established for the mandatory tender and purchase of the Bonds in connection with the delivery to the Trustee of a Credit Facility pursuant to Section 2.12 hereof.

The term “supplemental indenture” or “indenture supplemental hereto” shall mean any indenture hereafter duly authorized and entered into between the City and the Trustee in accordance with the provisions of Article IX of this Indenture.

The term “Surplus Fund” shall mean the Surplus Fund created pursuant to Section 5.02 of this Indenture.

The term “Swap Agreement” shall mean any interest rate exchange, hedge or similar agreement, entered into in order to hedge or manage the interest payable on all or a portion of the Bonds, whether then existing or to be entered into, which agreement may include, without limitation, an interest rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), between the Borrower or its designee and the Swap Counterparty, and as shall be set forth in an International Swaps and Derivatives Association, Inc. Master Agreement, including the Schedule thereto, and any Confirmation entered into thereunder between the Borrower and the Swap Counterparty, as such agreement may be amended, supplemented or substituted from time to time.

The term “Swap Agreement” shall not include that certain interest rate swap transaction between the Borrower or its designee and DBAGNY, which transaction shall be set forth in an International Swaps and Derivatives Association, Inc. Master Agreement, including the Schedule thereto, dated [____], a Credit Support Annex, dated [____], and a Confirmation [identify the Confirmation by number or notional amount], entered into between the Borrower and the Swap Counterparty on [____], as such documents may be amended, supplemented or substituted from time to time.

The term “Swap Counterparty” shall mean any Person entering into a Swap Agreement with the Borrower.

The term “Tax Certificate” means the Certificate as to Arbitrage, by the City and the Borrower, delivered on the Closing Date.

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

The Term “Tax-Exempt Bonds Account” shall mean the Tax-Exempt Bonds Account of the Construction Fund created pursuant to Section 3.03(a).

The Term “Tender Agent” shall mean initially the Trustee, and any successor tender agent appointed under this Indenture.

The Term “Term” shall mean the term of the Loan Agreement pursuant to Section 8.8 of the Loan Agreement.

The Term “Term Rate” shall mean (i) the rate of interest per annum with respect to a Term Rate Mode determined by the Remarketing Agent, on the Interest Rate Determination Date immediately preceding the applicable Interest Rate Adjustment Date, to be the lowest interest rate for the Interest Rate Period commencing on the applicable Interest Rate Adjustment Date and ending on the date determined by the Remarketing Agent, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bonds could be remarketed at par, plus the accrued interest, if any, on the Interest Rate Adjustment Date for that Interest Rate Period; or (ii) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Term Rate for whatever reason, or the Term Rate cannot be determined pursuant to clause (i) for whatever reason, the interest rate then in effect with respect to the Bonds, without adjustment; provided that in no event shall the Term Rate exceed the Maximum Rate.

The Term “Term Rate Mode” shall mean the Interest Rate Mode at any time the Bonds bear interest at the Term Rate.

The Term “Third Party Fees” shall mean the Issuer’s Ongoing Fee, the Trustee’s Fee and the Rebate Analyst’s Fee.

The Term “Title Insurance Policy” shall mean the mortgagee title insurance policy, in form acceptable to the Bondholder Representative, issued with respect to the Project and insuring the lien of the Deed of Trust.

The Term “Transfer” shall have the meaning ascribed thereto in the Deed of Trust.

The Term “Trust Estate” shall mean the Trust Estate described in the granting clauses of this Indenture.

The term “Trustee” means (a) U.S. Bank National Association, a national banking association organized under the laws of the United States of America, or (b) any successor Trustee under the provisions hereof.

The term “Trustee’s Fee” shall mean (i) the fee payable to the Trustee on the Closing Date of \$[____], and (ii) the annual fee of the Trustee in the amount \$[____]. The Trustee’s Fee referred to in the foregoing clause (ii) is payable annually in arrears from the Expense Fund on each November 1, commencing on November 1, 2018, so long as any of the Bonds are Outstanding.

The term “UCC” shall mean the Uniform Commercial Code as in effect in the State.

The Term “USD-SIFMA Municipal Swap Index” shall mean, for any day, a per annum rate, expressed as a decimal, equal to: (i) if such day is an Interest Rate Determination Date, (a) the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal

Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day; or (b) if such index is no longer published, then (1) any comparable rate, as determined by the Indexing Agent, or (2) if there is no comparable rate, as determined by the Indexing Agent, the rate for such day shall be 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day such USD-SIFMA Municipal Swap Index would otherwise be determined as provided herein for such Interest Rate Period; and (ii) if such day is not an Interest Rate Determination Date, the rate for such day shall be the rate determined pursuant to the preceding clause (i) of this definition for the next preceding Interest Rate Determination Date.

The Term "U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

The Term "Weekly Interest Rate" shall mean (i) the rate of interest per annum during a Weekly Rate Mode determined by the Remarketing Agent on the Interest Rate Determination Date immediately preceding the applicable Interest Rate Adjustment Date, to be the lowest interest rate for the Interest Rate Period of one week (or less in the case of any such Interest Rate Period commencing on an Interest Period Reset Date which is not a Thursday) commencing on the applicable Interest Rate Adjustment Date, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) at which, as of such Interest Rate Determination Date, the Bonds could be remarketed at par, plus the accrued interest, if any, on the Interest Rate Adjustment Date for that Interest Rate Period; or (ii) in the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed, or the Remarketing Agent has failed to determine the Weekly Interest Rate for whatever reason, or the Weekly Interest Rate cannot be determined pursuant to clause (i) for whatever reason, the USD-SIFMA Municipal Swap Index then in effect; provided that in no event shall the Weekly Interest Rate exceed the Maximum Rate.

The Term "Weekly Interest Rate Mode" shall mean the interest rate mode during any period when the Bonds bear interest at the Weekly Interest Rate.

The terms "Written Consent," "Written Demand," "Written Direction," "Written Election," "Written Notice," "Written Order," "Written Request" and "Written Requisition" of the City or the Borrower shall mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the City by an Authorized City Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

The terms "Yield" shall mean yield as defined in Section 148(h) of the Code and any regulations promulgated thereunder.

Section 1.02. Rules of Construction. (a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the

context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Indenture as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

(d) The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

(e) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(f) All accounting terms not otherwise defined herein 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 principles as they exist at the date of application thereof.

(g) 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.

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

Section 1.03. Ownership of Bonds; Effect of Action by Bondholders.

(a) The ownership of the Bonds shall be proved by the Bond Register.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action by Bondholders shall bind every future Bondholder and the Registered Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in reliance thereon, whether or not notation of such action is made upon such Bonds.

(c) In determining whether the Bondowners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Indenture, the Loan Agreement or any

other Bond Document, Bonds which are owned by or held for the account of the Borrower, the City or any other obligor on the Bonds, or any Affiliate of any one of said entities shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

Section 1.04. Date of Indenture. The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

Section 1.05. Designation of Time For Performance. Except as otherwise expressly provided herein, any reference in this Indenture to the time of day shall mean the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

Section 1.06. Interpretation. The parties hereto acknowledge that each of them, and the initial Bond Purchaser and the Bondholder Representative, and in each case their respective counsel, have participated in the drafting and revision of this Indenture. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Indenture or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

THE BONDS

Section 2.01. Authorization. There are hereby authorized to be issued bonds of the City designated as “City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2017E (1500 Mission Street Apartments).” Any Subordinate Bonds designated by the Bondholder Representative pursuant to Article XIII of this Indenture shall be entitled “City and County of San Francisco Multifamily Housing Revenue Bonds, Series 2017E-S (1500 Mission Street Apartments) (Subordinate Series).” No Bonds may be issued hereunder except in accordance with this Article II. The maximum aggregate principal amount of Bonds which may be issued and Outstanding under this Indenture shall not exceed the Authorized Amount.

Section 2.02. Terms of Bonds. (a) *Form of Bonds*. The Bonds shall be substantially in the respective forms set forth in Exhibit A or Exhibit G hereto, as applicable, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

(b) *Principal Amount*. The total principal amount of the Bonds that may be issued hereunder is hereby expressly limited to the Authorized Amount, provided that the principal amount of Bonds Outstanding at any time shall include only those Bonds for which the purchase price has been advanced from time to time by the Initial Purchaser. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The Bonds are being issued initially as drawdown Bonds as provided herein and in the Bond Purchase Agreement. [Note: principal draw-down schedule will be inserted in Bond Purchase Agreement.]

(c) *Registered Bonds; Numbering; Authorized Denominations*. The Bonds shall be issuable on the Closing Date in Authorized Denominations as specified by the Bondholder Representative. Thereafter, the Bonds shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture.

The Bonds shall be issuable as registered bonds without coupons. The Bonds shall be numbered consecutively from R1-1 upwards, and any Subordinate Bonds shall be numbered consecutively from S1-1 upwards.

(d) *Dated Date; Maturity*. The Bonds shall be dated the Closing Date, and shall mature on the Maturity Date.

(e) *Interest Rate; Accrual of Interest*. The Bonds shall bear interest at the Bond Coupon Rate. The Bond Coupon Rate for each Interest Rate Period while the Bonds bear interest in the SIFMA Index Rate Mode or the MMD Index Rate Mode shall be determined by the Indexing Agent on each Interest Rate Determination Date. The Indexing Agent will promptly after such determination notify the Trustee, the Borrower and the Bondholder Representative of the applicable Bond Coupon Rate. The Trustee can conclusively rely on the Bond Coupon Rate information provided to it by the Indexing Agent.

Interest shall be calculated on the basis of a 360 day year of twelve 30-day months so long as interest is payable at the MMD Index Rate, Term Rate or the Fixed Interest Rate. Interest on the Bonds shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed so long as interest is payable at the SIFMA Index Rate, Daily Interest Rate or Weekly Interest Rate.

Interest on the Bonds shall accrue on the outstanding Bonds as provided in the second paragraph of Section 3.02 from the date of their initial delivery; provided that interest on any Bond authenticated subsequent to the initial delivery date shall accrue from the Bond Payment Date next preceding the date of authentication, unless (i) authenticated prior to the first Bond Payment Date, in which event interest on such Bonds shall accrue from the initial delivery date, or (ii) authenticated on a Bond Payment Date, in which event interest on such Bonds shall accrue from the date of authentication. If, as shown by the records of the Trustee, interest on the Bonds is in default, interest on Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall accrue from the date to which interest has been paid in full on the Bonds, or, if no interest has been paid on the Bonds, from the initial delivery date. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or other date as described above) to, but not including, the Bond Payment Date on which interest is being paid.

(f) *Initial Interest Rate.* The Bonds initially shall bear interest in the Fixed Interest Rate Mode.

(g) *Interest Payments.* Interest shall be due and payable on the Bonds, in arrears, on each applicable Bond Payment Date from Eligible Funds. Priority of interest payments shall be provided in Section 5.01(c). In any case where any Bond Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on the originally scheduled date and no interest shall accrue for the period after such Bond Payment Date through the date payment is actually made.

(h) *Principal Payments.* Principal of the Bonds shall be payable as provided in Section 2.03 on the applicable Maturity Date and upon redemption or acceleration thereof.

(i) *Usury.* The City intends to conform strictly to the usury laws applicable to this Indenture and the Bonds and all agreements made in the Bonds, this Indenture and the Bond Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Bondholders as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Bonds, this Indenture or the other Bond Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Bondholders shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by

the Bondholders, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Bonds, this Indenture and all other Bond Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the City intends and agrees that (i) interest shall be computed upon the assumption that payments under the Loan Agreement and other Bond Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, to the extent permitted by applicable law shall be spread over the actual term of the Bonds.

Section 2.03. Payment of Bonds. Payment of the Bond Obligations with respect to any Bond shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Trustee as the registered owner thereof on the Record Date immediately preceding such Interest Payment Date or other date for payment of the Bonds upon the redemption thereof, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Trustee may, at the request of any registered owner of Bonds, make payments of principal and interest on such Bonds by wire transfer to the account within the United States designated by such owner to the Trustee in writing, any such designation to remain in effect until withdrawn in writing.

No presentation or surrender of Bonds shall be required in connection with any partial redemption of any Bond. The Trustee shall maintain a record of the remaining Outstanding of each maturity of Bonds and shall, upon any transfer or exchange, issue the replacement Bond in the principal amount Outstanding.

Section 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the City with the manual or facsimile signature of its Mayor. The Bonds shall then be delivered to the Trustee for authentication by the Trustee. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the City as though the officer(s) who signed the same had continued to be such officer(s) of the City. Also, any Bond may be signed on behalf of the City by such person(s) as on the actual date of the execution of such Bond shall be the proper officer(s) although on the nominal date of such Bond any such person shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A or Exhibit G, as applicable, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds. (a) Bonds in Authorized Denominations may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section

2.05(b) hereof, be transferred upon the books of the Trustee required to be kept pursuant to the provisions of Section 2.06, by the person in whose name the respective Bonds are registered, in person or by the Bondowner's duly authorized attorney, upon surrender of such Bonds for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver new, fully registered Bonds in Authorized Denominations to the transferee thereof.

(b) The following shall apply to all transfers of the Bonds after the initial delivery of the Bonds:

(i) Unless the Bonds are rated "A," without regard to a modifier (or the equivalent) or better by a Rating Agency, the Bonds shall be sold and subsequently transferred only to purchasers that are Qualified Institutional Buyers (as defined in Rule 144A of the Securities Act, and referred to herein as a "QIB"), or "accredited investors" as defined in Rule 501 promulgated under the Securities Act (referred to herein as "Accredited Investors") that execute and deliver to the Trustee an Investor Letter in substantially the form attached hereto as EXHIBIT C. Notwithstanding the preceding sentence, no Investor Letter shall be required for the Bond Purchaser to sell or transfer Bonds to (A) an affiliate of a Bond Purchaser, (B) a QIB, or (C) a special purpose entity, a trust or custodial arrangement, from which the Bonds may not be sold except to (x) QIBs, or (y) Accredited Investors who will sign an investor letter to substantially the same effect as the Investor Letter.

(ii) Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

The Trustee shall not authenticate or register a Bond unless the foregoing conditions of this Section 2.05(b) have been satisfied. Failure to comply with this Section 2.05(b) shall cause any purported transfer to be null and void.

(c) The Trustee shall require the payment by the Bondholder requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Bondholder requesting the same. The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection therewith shall be paid by the Borrower.

(d) The Trustee shall not transfer the Bonds without prior written notice to the City (which may be in the form of transmittal of the executed Investor's Letter to the City, together with an indication of the date of the proposed transfer).

(e) The Trustee shall not be required (i) to transfer or exchange any Bonds during any period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of the Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bonds so selected for redemption, or (iii) to transfer any Bonds without receipt of a duly executed Investor Letter to the extent required by subsection (b) above, except as permitted by said subsection (b).

Section 2.06. Bond Register. The City hereby appoints the Trustee as registrar and authenticating agent for the Bonds. The Trustee will keep or cause to be kept at its Principal Office sufficient books (referred to herein as the "Bond Register") for the transfer of the Bonds, which shall at all reasonable times upon reasonable notice be open to inspection by the City, the Bondholder Representative and the Borrower; and, upon presentation for such purpose, the Trustee as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

The ownership of registered Bonds shall be proved by the Bond Register held by the Trustee. The Trustee and the City may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange thereof or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in accordance therewith or reliance thereon.

Section 2.07. Mutilated Destroyed, Lost and Stolen Bonds.

(a) If (i) any mutilated Bonds are surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bonds, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee or the City to save the City and the Trustee harmless, then, in the absence of notice to the Trustee that such Bonds have been acquired by a bona fide purchaser, the City shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bonds, new Bonds of like series, tenor and principal amount, bearing numbers not contemporaneously outstanding. In the event any Bond shall have matured, instead of issuing a replacement Bond as provided above, the Trustee may pay the same upon receipt by the Trustee of indemnity satisfactory to it.

(b) Upon the issuance of any new Bonds under this Section, the Trustee shall require the payment by the Registered Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith.

(c) Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bonds shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Bonds shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed lost or stolen Bonds.

Section 2.08. Persons Deemed Owners. The City, the Trustee and any agent of the City or the Trustee may treat the person in whose name the Bonds are registered as the owner of the Bonds for the purpose of receiving payment of the Bond Obligations and for all other purposes whatsoever whether or not the Bonds are overdue, and, to the extent permitted by law, none of the City, the Trustee or any such agent shall be affected by notice to the contrary.

Section 2.09. Cancellation. Any Bonds surrendered for payment, redemption, transfer or exchange, shall be promptly canceled and retained or destroyed by the Trustee in accordance with its document retention policies. No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section, except as expressly provided by this Indenture.

Section 2.10. Book-Entry System.

(a) The Bonds shall be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section 2.10.

(b) So long as a Book-Entry System is in effect for the Bonds, one Bond in the aggregate principal amount of each maturity of the Senior Bonds will be issued and deposited with the Securities Depository to be held in its custody. Such Bond or Bonds shall be registered in the name of the Securities Depository Nominee. The Book-Entry System will be maintained by the Securities Depository and the participants and indirect participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with transfers of ownership effected on the records of the Securities Depository, the participants and the indirect participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal or purchase price of and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Bond Register maintained by the Trustee as the registered Bondholder or his registered assigns or legal representative. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the sole Bondholder for all purposes. Transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Beneficial Owners will be the responsibility of the Participants and the Indirect Participants. No other party (including the Trustee and the City) will be responsible or liable for such transfers or exchanges, payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Book-Entry System is in effect, notwithstanding any other provisions set forth herein, payments of principal or purchase price of, redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of such entity. Notwithstanding the provisions of this Section 2.10(b), Subordinate Bonds may

not be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section 2.10(b).

(c) The City, subject to the applicable rules of the Securities Depository, may at any time, at the written request of the Bondholder Representative or the Borrower (with the written consent of the Bondholder Representative), elect (i) to provide for the replacement of any Securities Depository as the depository for the Bonds with another qualified Securities Depository, or (ii) to discontinue the maintenance of the Bonds under a Book-Entry System. Upon written notice of such election from the City, the Trustee shall give 30 days' prior notice of such election to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository and the Trustee). The Bondholder Representative may elect from time to time to discontinue the Book-Entry System solely for purposes of the Bonds it beneficially owns by providing a written notice to the Trustee at least 30 days prior to the effective date of such election.

(d) Upon the discontinuance of the maintenance of the Bonds under a Book-Entry System, the City will cause Bonds to be issued directly to the Beneficial Owners of such Bonds, or their designees, as further described below. In such event, the Trustee shall make provisions to notify Participants and the Beneficial Owners, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the Trustee, that Bonds will be directly issued to the Beneficial Owners thereof as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository and the Trustee). Upon such event, the City, at the expense of the Borrower, or, if requested by the Bondholder Representative, at its expense, shall promptly have prepared Bonds in certificated form registered in the names of the Beneficial Owners thereof shown on the records of the Participants provided to the Trustee, as of the date set forth in the notice described above. Bonds issued to the Beneficial Owners, or their designees, shall be in fully registered form substantially in the forms set forth in EXHIBIT A or EXHIBIT G, as applicable. In such event, this Indenture may be amended as the parties deem necessary pursuant to Section 9.01(f) in order to reflect the use of certificated Bonds.

(e) If any Securities Depository is replaced as the depository for the Bonds with another qualified Securities Depository, the City, at the expense of the Borrower, will issue Bonds to the replacement Securities Depository Bonds substantially in the forms set forth in EXHIBIT A or EXHIBIT G, as applicable registered in the name of such replacement Securities Depository.

(f) The City, the Borrower and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligation to any Participant, any Indirect Participant or any Beneficial Owner of any Bonds, and none of them shall be liable for the failure of any Participant, Indirect Participant or other nominee of any Beneficial Owner of any Bonds to perform any obligation that such Participant, Indirect Participant or other nominee may incur to any Beneficial Owner.

(g) The terms and provisions of the Letter of Representations are incorporated herein by reference and, in the event there shall exist any inconsistency between the substantive

provisions of the Letter of Representations and any provisions of this Indenture, then, for as long as the initial Securities Depository shall serve with respect to the Bonds, the terms of the Letter of Representations shall govern. The Trustee shall comply with all the rules, regulations, policies and procedures of the Securities Depository in order to effectuate the provisions and intent of this Indenture, the City and the Bondholder Representative, including, without limitation, the obligation to make all required elections to ensure the pro rata partial redemption payments required in Section 4.04.

(h) The City, the Borrower and the Trustee may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System; (ii) a certificate of any Participant as to the identity of any Indirect Participant and (iii) a certificate of any Participant or Indirect Participant as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

Section 2.11. Conversion of Interest Rate Modes.

(a) On any Interest Period Reset Date occurring [after the Bonds may first be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date pursuant to Section 4.01(a)], Bonds bearing interest at one Interest Rate Mode (including but not limited to a Fixed Interest Rate Mode) may be converted to a different Interest Rate Mode upon receipt by the Trustee and the Remarketing Agent of a written Notice of Interest Rate Conversion substantially in the form as set forth in EXHIBIT E hereto from the Authorized Borrower Representative not less than 30 days prior to such Interest Period Reset Date. Such direction to convert the interest rate on the Bonds to a different Interest Rate Mode shall be accompanied by (i) a Bond Counsel No Adverse Effect Opinion delivered to the Trustee (with reliance letters to the Bondholder Representative, the Credit Facility Provider, the City and the Remarketing Agent) with respect to the conversion; (ii) either (1) an Opinion of Counsel delivered to the City, the Remarketing Agent and the Trustee stating that Securities and Exchange Commission Rule 15c2-12 provides an exemption with respect to the Bonds or (2) evidence satisfactory to the City delivered to the City that the requirements of such Rule are being complied with; (iii) evidence satisfactory to the Trustee that the interest component of the Credit Facility, if applicable, is equal to the amounts set forth in subsection (b) below; and (iv) written certificates of the Remarketing Agent and the City stating that they have received certifications, opinions or other evidence satisfactory to them that there has been or will be compliance with any applicable state or federal securities law requirements.

(b) If the Bonds bear interest at the Daily Interest Rate or the Weekly Interest Rate, the Borrower shall be required to provide a Credit Facility with an interest coverage period that shall be sufficient to maintain the rating on the Bonds as required and confirmed by the Rating Agency. If the Bonds bear interest at the MMD Index Rate, the SIFMA Index Rate, the Term Rate or the Fixed Interest Rate and are covered by a Credit Facility, the interest coverage period shall be sufficient to maintain the rating on the Bonds as required and confirmed by the Rating Agency. Notwithstanding any provision of this paragraph, no conversion of Interest Rate Modes shall be effective if (A) the Borrower makes an election on or prior to the day immediately succeeding any Interest Rate Determination Date not to proceed with the proposed conversion or (B) the Trustee has not received on the effective date of such conversion each of the items described in clauses (i) - (iv) of Section 2.11(a) above, to the extent applicable. In

either such event, the Interest Rate Mode for the Bonds will remain as the Interest Rate Mode then in effect for the Bonds without regard to any proposed conversion. The Bonds will continue to be subject to tender for purchase on the scheduled effective date of the proposed conversion without regard to the failure of such proposed conversion. If the Trustee shall have sent any notice to Holders regarding the proposed conversion, in the event of a failure of such conversion as specified above, the Trustee shall promptly notify all Holders and the City of such failure, of the reason for such failure, and of the continuation of the Interest Rate Mode then in effect.

(c) The determination of the interest rate for the Bonds upon a conversion shall be conclusive and binding upon the Borrower, the Trustee, the Credit Facility Provider and the respective Holders of the Bonds.

(d) On the related Interest Rate Determination Date, the Remarketing Agent or the Indexing Agent, as the case may be, shall give the Trustee, the Credit Facility Provider and the Borrower electronic notice of the interest rate to be borne by the Bonds for the following Interest Rate Period; provided that if the interest rate is determined pursuant to clause (b) of the definition of Daily Interest Rate, Weekly Interest Rate or Term Rate on the Interest Rate Determination Date, the Trustee shall give such notice to the Borrower and the Credit Facility Provider.

(e) If the interest rate on the Bonds is converted to a different Interest Rate Mode, at least 25 days prior to the Interest Period Reset Date the Trustee shall notify the Holders of all outstanding Bonds by first class mail that, upon such Interest Period Reset Date, the Bonds shall be converted to a different Interest Rate Mode, and that all Bonds shall be subject to a mandatory tender pursuant to Section 11.02.

Section 2.12. Delivery of Credit Facility. The Borrower may, on any Bond Payment Date or Interest Period Reset Date occurring after the Bonds may first be optionally redeemed at a price of not greater than par plus accrued interest to the redemption date pursuant to Section 4.01(a), arrange for the delivery to the Trustee of a Credit Facility. Any Credit Facility shall satisfy the following conditions, as applicable:

(a) The Credit Facility shall (i) be in an amount equal to the aggregate principal amount of the Bonds Outstanding from time to time plus the interest component necessary to provide coverage reasonably satisfactory to the Rating Agency; (ii) provide for payment in immediately available funds to the Trustee upon receipt of the Trustee's request for such payment with respect to any Bond Payment Date and Bond Purchase Date; (iii) if the Credit Facility is provided to secure Bonds during a Term Rate Mode, provide an expiration date no earlier than the earliest of (A) the day following the last day of such Interest Rate Period; (B) ten (10) days after the Trustee receives notice from the Credit Facility Provider of an Event of Default hereunder or a default under and as defined in the Reimbursement Agreement and a direction to redeem all Outstanding Bonds; (C) the date on which all Bonds are paid in full and this Indenture is discharged in accordance with its terms; and (D) the date on which the Bonds become secured by an alternate Credit Facility in accordance with the terms of the Reimbursement Agreement; (iv) unless waived by the City in its sole discretion, result in the Bonds receiving a long-term rating or short-term rating, or both, as applicable for the Interest

Rate Mode then in effect, for the long term rating in one of the two highest rating categories of the Rating Agency without regard to pluses or minuses, and for the short term rating in the highest rating category of the Rating Agency without regard to pluses or minuses; and (v) have a stated expiration or termination date not sooner than one year following its effective date.

(b) In connection with the delivery of a Credit Facility, the Trustee must receive (i) an opinion of counsel to the Credit Facility Provider issuing the Credit Facility, in form and substance reasonably satisfactory to the City and the Trustee, relating to the due authorization and issuance of the Credit Facility, its enforceability, that the statements made relating to the Credit Facility and Reimbursement Agreement contained in any disclosure document or supplement to the existing disclosure document related to the Bonds are true and correct in all material respects, that the Credit Facility and the Bonds enhanced by the Credit Facility are not required to be registered under the Securities Act of 1933, and, if required by the Rating Agency, that payments made by the Credit Facility Provider pursuant to the Credit Facility will not be voidable under Section 547 of the Bankruptcy Code and would not be prevented by the automatic stay provisions of Section 362(a) of the Bankruptcy Code, in the context of a case or proceeding by or against the Borrower, a Borrower Controlling Entity or by the City under the Bankruptcy Code; (ii) a Bond Counsel No Adverse Effect Opinion delivered to the Trustee with respect to the delivery of such Credit Facility; and (iii) such other opinions, certificates and agreements as the Bondholder Representative or its counsel and counsel to the Borrower, City and Trustee reasonably require.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bonds. Upon the execution and delivery of this Indenture, the City shall execute the Bonds and deliver them to the Trustee. Upon payment of the Issuer's Closing Fee described in Section 19 of the Regulatory Agreement and satisfaction of the conditions set forth in this Section 3.01, and without any further action on the part of the City, the Trustee shall authenticate the Bonds in an aggregate principal amount not exceeding the Authorized Amount, and shall deliver them pursuant to the Written Order of the City hereinafter mentioned. Prior to the authentication and delivery of any of the Bonds by the Trustee, there shall have been delivered to the Trustee each of the following:

- (a) Executed counterparts of this Indenture, the Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Tax Certificate, the Continuing Disclosure Agreement, the Note, the Deed of Trust, the Swap Agreement, if any, and any UCC financing statement required by the Deed of Trust;
- (b) A certified copy of the Resolution;
- (c) The Initial Disbursement received from the Bond Purchaser;
- (d) An executed Investor Letter from the Bond Purchaser and from the Initial Purchaser;
- (e) The Initial Bond Fund Deposit;
- (f) A Bond Counsel Approving Opinion;
- (g) A written request and authorization by the City to the Trustee to authenticate and deliver the Bonds to or for the account of the Bond Purchaser upon receipt of the Initial Disbursement;
- (h) An Opinion of Counsel from Bond Counsel to the effect that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and this Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;
- (i) one or more opinions of counsel to the Borrower addressed to the City, the Bondholder Representative and the Trustee, in form and substance satisfactory to the City and the Bondholder Representative, regarding the enforceability against the Borrower of each of the documents to which the Borrower is a party; and
- (j) Any other documents or opinions that the Trustee, the City, the Bond Purchaser or Bond Counsel may reasonably require.

Section 3.02. Application of Proceeds of Bonds. The Initial Disbursement and subsequent disbursements of the proceeds received from the sale of the Bonds shall be disbursed in accordance with this Section 3.02 of this Indenture. The Bonds are issued as draw-down Bonds. The Bond Purchaser shall fund the purchase price of the Bonds from time to time, in accordance with the Bond Purchase Agreement, to provide funds for deposit in the Construction Fund for the payment of requisitions therefrom. The initial purchase of Bonds by the Bond Purchaser on the Closing Date will be in the amount of the Initial Disbursement, comprised of a purchase of Bonds by the Bond Purchaser in an amount equal to \$[55,000]. Amounts funded in such manner shall be noted on the principal draw-down schedule attached to each Bond, as applicable, and acknowledged thereon by the Trustee. In lieu of notation on the Bonds by the Trustee of the principal amount funded with respect to the Bonds, the Trustee may record such information in the Bond recordkeeping system maintained by the Trustee.

Upon deposit with the Trustee by the Bond Purchaser of each installment of the purchase price of each draw-down Bond and notation on the applicable Bond principal schedule by the Trustee, the aggregate amount of Bonds purchased shall be deemed Outstanding and shall begin to accrue interest. Notwithstanding anything herein to the contrary, the aggregate purchase price of the Bonds funded by the Bond Purchaser may not exceed the Authorized Amount and no additional amounts may be funded after the earlier of the Conversion Date or December 31, 2020, unless there is delivered to the Trustee and the City a Bond Counsel No Adverse Effect Opinion to the effect that such additional funding will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

The City consents to the terms of the Contingency Draw-Down Agreement and agrees to take all actions requested in writing by the Bondholder Representative that are reasonably required of the City in connection with the conversion of the Bond issue to a fully funded Bond issue pursuant to the provisions of the Contingency Draw-Down Agreement in the event a Draw-Down Notice is filed by the Bondholder Representative or the Borrower, all at the expense of the Borrower. The City shall deliver and deposit with the Bondholder Representative such additional documents, financing statements, and instruments as the Bondholder Representative or Trustee may reasonably request in writing delivered to the City from time to time with respect to any amounts held under the Contingency Draw-Down Agreement for the better perfecting and assuring to the Trustee of its lien and security interest in and to the Trust Estate, at the expense of the Borrower.

Except at the written direction of the Bondholder Representative, which direction shall include instructions as to the accrual of interest, installment purchases of Bonds shall occur only on Bond Payment Dates pursuant to the schedule attached to the Bond Purchase Agreement.

Section 3.03. Disbursement of Bond Proceeds and Other Closing Funds; Establishment of Construction Fund. (a) There is hereby created and established with the Trustee a separate fund which shall be designated the "Construction Fund," and within such Construction Fund a Capitalized Interest Account, a Tax-Exempt Bonds Account and an Equity Account, which fund and accounts shall be applied only as provided in this Section 3.03. The Initial Disbursement on the Closing Date shall be deposited by the Trustee as follows: [\$_____] in the Capitalized

Interest Account of the Construction Fund, \$[_____] in the Tax-Exempt Bonds Account of the Construction Fund and \$[0.00] in the Equity Account of the Construction Fund.

Subsequent to the Closing Date, (i) advances of the purchase price of the Bonds shall be deposited by the Trustee in the Tax-Exempt Bonds Account of the Construction Fund; and (ii) amounts received from or on behalf of the Borrower (exclusive of Pledged Revenues) shall be deposited by the Trustee into the Equity Account of the Construction Fund.

(b) The Trustee shall use moneys in the Tax-Exempt Bonds Account and the Equity Account of the Construction Fund for Project Costs, as provided herein; provided, however, that any moneys on deposit in the Capitalized Interest Account of the Construction Fund shall only be used to make payments on the Note (including payments under the Swap Agreement, if applicable) pursuant to Section 5.1(a) of the Loan Agreement and as otherwise provided in Section 3.03(d) below. [The amounts on deposit in the Tax-Exempt Bonds Account shall not be applied to the payment of Costs of Issuance.] The amounts on deposit in the Equity Account of the Construction Fund shall be disbursed pursuant to the provisions of Section 3.03(h).

Not less than 95% of the Bond proceeds representing net proceeds of the Bonds, including Investment Income on moneys in the Tax-Exempt Bonds Account, will be expended for Qualified Project Costs (the "95% Requirement"). Except as provided in the next paragraph, amounts on deposit in the Tax-Exempt Bonds Account of the Construction Fund shall be allocated to, and disbursed from time to time by the Trustee, for the sole purpose of paying Qualified Project Costs and other costs that are the subject of a Written Requisition and approved in writing by the Servicer as provided in the next sentence, which Written Requisition shall include a certification of compliance with the 95% Requirement.

Notwithstanding any other provision of this Indenture, on the Closing Date the Trustee shall deposit the Initial Disbursement in the Tax-Exempt Bonds Account of the Construction Fund, and shall immediately disburse such amount from that account by wire transfer to Fidelity National Title Group, , Bank: [_____] , Address: 1430 Blue Oaks Blvd., Suite 110, Roseville, California 95678, Account No.: [_____] , Routing No.: [_____] , Reference: [_____] , File Number: [_____]. The Trustee has been advised that the amount so disbursed will be used to pay a portion of the Developer Fee (as defined in the Construction Funding Agreement) payable to Related California Residential Development Co., LLC, a Delaware limited liability company. The Trustee shall have no responsibility for the application by Fidelity National Title Group of the amount so wire transferred by the Trustee to it.

Except as provided in the preceding paragraph, before any payment shall be made from any account within the Construction Fund, there shall be filed with the Trustee a Written Requisition of the Borrower substantially in the form attached hereto as EXHIBIT B-1 and approved in writing by the Servicer for each such payment (upon which the Trustee may conclusively rely). Notwithstanding the foregoing, upon the use of all of the moneys in the Capitalized Interest Account, the Trustee may withdraw amounts, if any, from the Equity Account of the Construction Fund without a Written Requisition to pay interest on the Bonds.

In connection with a Written Requisition:

Only the signature of an authorized officer of the Servicer shall be required on a Written Requisition during any period in which an Event of Default by the Borrower has occurred and is then continuing under the Loan (notice of which default has been given in writing by an authorized officer of the Servicer to the Trustee and the City, and the Trustee shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

The Trustee shall disburse amounts in the Construction Fund upon receipt of a Written Requisition signed only by the Servicer (and without any need for any signature by an Authorized Borrower Representative), so long as the amount to be disbursed is to be used solely to make payments of principal, interest and/or fees due under the Bond Documents.

The Trustee shall be entitled to conclusively rely upon any Written Requisition in determining whether to disburse amounts from the Construction Fund.

The Trustee may conclusively rely on all Written Requisitions, the execution of the Written Requisitions by the Authorized Borrower Representative and the approval of all Written Requisitions by the Servicer, as required by this Section, as conditions of payment from the Construction Fund (except as provided in the third paragraph of this Section 3.03(b) regarding the disbursement on the Closing Date, with respect to which no Written Requisition is required), which Written Requisitions constitute, as to the Trustee, irrevocable determinations that all conditions to payment of the specified amounts from the Construction Fund have been satisfied. These documents shall be retained by the Trustee, subject at all reasonable times to examination by the Borrower, the Investor Limited Partner, the City, the Servicer and the agents and representatives thereof. The Trustee is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Requisition or other statements, orders, certifications and approvals received by the Trustee. The Trustee is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, renovation, equipping, improvement and installation of the Project.

(c) Upon receipt of each Written Requisition submitted by the Borrower and approved in writing by the Servicer, the Trustee shall within three (3) Business Days make payment from the appropriate account within the Construction Fund in accordance with such Written Requisition. The Trustee shall have no duty to determine whether any requested disbursement from the Construction Fund complies with the terms, conditions and provisions of the Bond Documents, constitute payment of Qualified Project Costs or complies with the 95% Requirement. The approval in writing of a Written Requisition by the Servicer shall be deemed a certification and, insofar as the Trustee and the City are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Bond Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Trustee and the City are concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute Qualified Project Costs or other permitted Project costs. Each Written Requisition shall include an exhibit that allocates the requested disbursement among the Bonds and the funds received by the Trustee from the

Borrower, if any, and that provides the Trustee with the information described in Section 3.03(j) below. The Trustee shall, immediately upon each receipt of a completed Written Requisition of the Borrower and approved in writing by the Servicer, as provided in the Construction Funding Agreement, initiate procedures with the provider of the Investment Agreement, if any, to make withdrawals under any Investment Agreement as necessary to fund the Written Requisition.

The Trustee shall immediately notify the Borrower, the Servicer and the Bondholder Representative if there are not sufficient funds available to make the transfers as and when required by this subsection (b). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon the Bondholder Representative's receipt of evidence that the Borrower has previously paid such amount and Written Direction to the Trustee as to such, to the Borrower. Upon the occurrence of an Event of Default of which the Trustee has knowledge as provided herein, which is continuing under the Bond Documents, with the Written Consent of the Bondholder Representative, the Trustee may apply amounts on deposit in the Construction Fund to the payment of principal of and interest on the Bonds. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by an authorized officer of the Bondholder Representative is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than one (1) Business Day following receipt thereof by the Trustee. Upon final disbursement of all amounts on deposit in the Construction Fund, the Trustee shall close the Construction Fund.

(d) After the Closing Date, the Borrower, with the written consent of the Bondholder Representative, may deposit additional funds into the Capitalized Interest Account. Moneys on deposit in the Capitalized Interest Account of the Construction Fund, together with investment earnings thereon which shall be retained therein, shall be transferred to the Bond Fund and applied pursuant to Section 5.03 on each Loan Payment Date in an amount equal to the Loan Payments (excluding Third Party Fees) due on such date; provided that, upon receipt of a Written Direction of the Borrower, moneys on deposit in the Capitalized Interest Account of the Construction Fund shall be transferred to the Servicer on each Loan Payment Date in an amount as set forth in such Written Direction which amount shall represent Loan Payments (excluding Third Party Fees) due on such Loan Payment Date. Upon the request of the Trustee, the Servicer shall provide the Trustee with a schedule of the Loan Payment Dates and corresponding Loan Payment amounts. The transfer of moneys from the Capitalized Interest Account of the Construction Fund to the Bond Fund or the Servicer as set forth above shall occur automatically on each Loan Payment Date without the need for a Written Requisition of the Borrower, or consent of the Bondholder Representative.

(e) Immediately prior to any mandatory redemption of Bonds pursuant to Section 4.01(c) or (d), any amounts then remaining in the Construction Fund attributable to the proceeds of the Bonds (as determined by the Written Requisitions from the Construction Fund received by the Trustee from the Borrower and approved by the Servicer) shall, at the written direction of the Bondholder Representative, be transferred to the Bond Fund to be applied to the redemption of Bonds pursuant to Sections 4.01(c) or (d) or the purchase of Bonds in lieu of redemption pursuant to the provisions of Section 4.05 hereof.

(f) Amounts on deposit in the Construction Fund shall be invested as provided in Section 5.13. All Investment Income earned on amounts on deposit in each account of the Construction Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Construction Fund.

(g) When the Project has been completed, the Borrower shall deliver a Certificate of Completion, which contains a certification regarding the "95% Requirement" referred to in subsection (b), to the Trustee, the City, the Servicer and the Bondholder Representative. On the date that is six months after the date on which the Trustee shall have received the Certificate of Completion, the Trustee shall transfer the balance of any moneys remaining in the Construction Fund attributable to the proceeds of the Bonds (as determined by the Written Requisitions from the Construction Fund received by the Trustee from the Borrower and approved by the Servicer) in excess of the amount to be reserved for payment of unpaid Project costs to the Bond Fund and apply such funds to the redemption of Bonds in accordance with Section 4.01(b).

(h) After the Closing Date, amounts on deposit in the Equity Account of the Construction Fund, if any, shall be disbursed from time to time by the Trustee to pay designated amounts as set forth in and upon receipt of a Written Requisition of the Borrower signed by an Authorized Borrower Representative, the Bondholder Representative and the Servicer. Upon written request of the Borrower accompanied by evidence of the filing of the certificate of completion for the Project, the Trustee shall return any balance in such Equity Account to the Borrower.

(i) None of the Trustee, the Bondholder Representative or the City shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03.

(j) The Borrower has advised the City of the Borrower's intent that the 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 directs that the Trustee, in reliance solely of the representations of the Borrowers in clause (vii) of each Written Requisition of the Borrower, maintain such accounting and other records as shall be necessary to carry out the Borrower's intent with respect to tracing the use of the Bond proceeds, and the City shall have no responsibility whatsoever with respect thereto. Each Written Requisition of the Borrower shall identify: the respective amounts of proceeds of the Bonds and the other sources of funds comprising each respective disbursement, and shall represent that proceeds of the Bonds will only be expended for Allowable Costs or will be deposited in a specially designated account which can be used only to pay Allowable Costs, and that the proceeds of any other sources of funds will be deposited into another, separate account.

Section 3.04. City Administrative Fee. The Trustee shall collect the City's annual Issuer Ongoing Fee described in clause (ii) of the second paragraph of Section 19 of the Regulatory Agreement (and referred to in Section 5.1(h) of the Loan Agreement) and promptly upon receipt remit it to the City. The Trustee may establish a fund or account in its records to deposit and disburse the amounts collected by it for payment of the City's annual Issuer Ongoing Fee.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Bonds. (a) *Optional Redemption*. On and after [November] 1, 20[___], the Bonds may be redeemed in whole or in part, on any Bond Payment Date (and during any Fixed Interest Rate Mode or Term Rate Mode during which a Credit Facility enhances the Bonds, on the first Business Day of each month) or, upon satisfaction of the conditions set forth in Section 10.03, on any Business Day, in each case upon prepayment of the Note by the Borrower pursuant to Section 5.2 of the Loan Agreement at the applicable Redemption Price. The Bonds may be redeemed pursuant to this Section 4.01(a) upon notice to the Bondholders, given by the Trustee in accordance with Section 4.02. Except as otherwise provided under Section 10.03, no such optional redemption of Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Bonds by 12:00 p.m. New York City time on the date that the Bonds are to be redeemed.

In connection with a prepayment pursuant to Section 10.03, the Borrower may exercise such option by giving Written Notice to the Trustee, Bondholder Representative and Servicer of its election to prepay the Note, not fewer than thirty (30) Days prior to the proposed redemption date; provided, however, if, at the time of such exercise, the Bonds are held in a Book-Entry System, the Borrower shall give any such greater notice as is required by the depository system then holding the Bonds. Any such notice shall specify the date fixed for optional redemption and contain a certification of the Borrower to the effect that all conditions precedent to such optional redemption have been (or will be, as of the optional redemption date) satisfied. The Trustee shall, not fewer than eight (8) Business Days prior to the date set for such optional redemption, deliver a Written Certificate to the Borrower setting forth the amount of accrued interest and Prepayment Premium, if any, that will be due and payable as of the date fixed for optional redemption.

(b) *Mandatory Redemption From Amounts Transferred From Construction Fund*. The Bonds shall be redeemed in whole or in part, at the Redemption Price, in the event and to the extent amounts remaining in the Construction Fund are transferred to the Bond Fund pursuant to Section 3.03(g) hereof, on the first Bond Payment Date for which notice of redemption can be given in accordance with Section 4.02 hereof.

(c) *Mandatory Redemption From Mandatory Prepayment of Note*. The Bonds shall be redeemed in whole or in part, at the Redemption Price, upon mandatory prepayment of the Note by the Borrower as required by Section 5.3 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 4.02; provided that in the case of a prepayment pursuant to Section 5.3(e) of the Loan Agreement, such redemption date must occur within 90 days of the Determination of Taxability.

(d) *Mandatory Redemption For Loan Agreement Default*. The Bonds shall be redeemed in whole or in part, at the Redemption Price, upon the acceleration of the Note pursuant to Section 7.2 of the Loan Agreement and upon written direction of the Bondholder Representative to the Trustee, in the event of the occurrence of a Loan Agreement Default and the expiration of

the applicable grace period or notice and cure period, if any, specified therein, on the earliest Business Day for which notice can be given as required by Section 4.02.

In the case of a default under Section 7.1(j) of the Loan Agreement, the Bonds shall be redeemed in whole and the Trustee shall apply amounts on deposit in the Construction Fund, together with other amounts received from the Borrower pursuant to Section 5.1(d) or 5.3 of the Loan Agreement, to the payment of the Redemption Price.

(e) *Mandatory Redemption From Amounts Transferred From Principal Reserve Fund.* On each Bond Payment Date, Bonds shall be redeemed, in part, at the Redemption Price, in an amount equal to the amount which has been transferred from the Principal Reserve Fund to the Bond Fund pursuant to Section 5.10. If no Principal Reserve Fund Deposit Schedule is attached to the Note, no such redemption shall occur.

In the event of a conversion to semi-annual Bond Payment Dates pursuant to Article II, in lieu of the mandatory redemption of Bonds as set forth in the preceding paragraph of this Section 4.01(e), the Bondholder Representative shall provide the Trustee with a Mandatory Redemption Schedule to be attached hereto at such time as the Bonds shall be subject to mandatory sinking fund redemption, in part, at the Redemption Price pursuant to such schedule.

(f) *Mandatory Redemption From Pre-Conversion Loan Equalization Payment.* The Bonds shall be redeemed, in whole or in part, at the Redemption Price on the earliest Business Day for which notice can be given as required by Section 4.02 in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment and the Trustee has received a written direction from the Bondholder Representative to redeem Bonds, in a principal amount equal to the amount of the Note prepaid by the Borrower.

(g) *Mandatory Sinking Fund Redemption.* The Bonds shall be subject to redemption in part on each Bond Payment Date in the amounts and on the dates set forth in the Mandatory Sinking Fund Redemption Schedule, if any, attached to the Note, at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued but unpaid interest to the date of redemption, from amounts paid by the Borrower as principal under the Note without regard to Authorized Denomination. A revised Mandatory Sinking Fund Redemption Schedule, calculated so as to maintain level payments of debt service on the Bonds, may be delivered to the Trustee at any time by agreement of the Borrower and the Bondholder Representative, accompanied by a Bond Counsel No Adverse Effect Opinion addressed to the Trustee.

If less than all of the Bonds have been redeemed other than from sinking fund installments applicable to such Bonds, the principal amount of the Bonds to be redeemed in each month from sinking fund installments shall be decreased pro rata among all sinking fund installments applicable to such Bonds. Any such proportional redemption shall be confirmed in writing by the Trustee to the Bondholder Representative and a new Mandatory Sinking Fund Redemption Schedule shall be provided by the Bondholder Representative to the Trustee, the City and the Borrower.

In the event of (i) a conversion to semi-annual Bond Payment Dates pursuant to Article XI hereof or (ii) a partial prepayment of the Note after the occurrence of such conversion, the Bondholder Representative will provide the Trustee, the City and the Borrower with a revised Mandatory Sinking Fund Schedule to be attached to the Note and the Bonds shall be subject to redemption pursuant to such revised schedule.

(h) *Mandatory Redemption Upon Sale of Project.* The Bonds shall be redeemed in whole but not in part at the Redemption Price upon the Written Direction of the Bondholder Representative no later than the day before (a) any sale of the Project, restructuring of the Borrower or any other event that would cause or be deemed to cause an assumption of obligations of an unrelated party for purposes of Treasury Regulation §1.150-1(d)(2) (any such event referred to herein as a “Transfer”) which Transfer would occur within six months of a “refinancing” (as contemplated by such Treasury Regulation), or (b) any “refinancing” that would occur within six months of a Transfer. Any mandatory redemption pursuant to the foregoing sentence would occur following a mandatory prepayment of the Note pursuant to Section 5.3(d) of the Loan Agreement.

Section 4.02. Notice of Redemption. Not fewer than fifteen (15) days, nor more than thirty (30) days before the Redemption Date of any Bonds to be redeemed, or in the case of an optional redemption pursuant to Section 4.01(a) or a mandatory redemption pursuant to Section 4.01(h), not fewer than five (5) Business Days nor more than seven (7) Business Days before the Redemption Date, the Trustee shall cause a notice of any such redemption to be mailed by first class mail (but by certified mail to the Bondholder Representative), postage prepaid, to the Registered Owners of the Bonds (with a copy to the Borrower and the City), provided that no prior notice of redemption shall be required in the case of a redemption pursuant to Section 4.01(g). Such notice shall also be given by registered, certified or overnight mail, or by facsimile transmission promptly confirmed in writing, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

The redemption notice shall identify the Bonds or portions thereof to be redeemed and shall state: (a) the date of such notice and the redemption date; (b) the Redemption Price; (c) the original date of execution and delivery of the Bonds to be redeemed; (d) the interest borne by the Bonds to be redeemed; (e) the date of maturity of the Bonds; (f) the numbers and CUSIP numbers of the Bonds to be redeemed; (g) that the Redemption Price of any Bond is payable only upon the surrender of the Bond to the Trustee at the Office of Trustee; (h) the address at which the Bonds must be surrendered; and (i) that interest on the Bonds called for redemption ceases to accrue on the redemption date, provided that, subject to the last paragraph of this Section 4.02, on such redemption date Eligible Funds are on deposit in the Bond Fund sufficient to pay the Redemption Price of the Bonds in full.

Any notice mailed pursuant to this Section, except in connection with a defeasance under Section 10.02 or 10.03, may state that the scheduled redemption is conditional to the extent that Eligible Funds are not held by the Trustee on the redemption date; in which case, all Bonds shall be returned to the holders thereof and remain outstanding under the terms and conditions of this Indenture.

Section 4.03. Effect of Redemption. Notice of redemption having been given as aforesaid, the Bonds or portions thereof designated for redemption shall become due and payable on the Redemption Date at the Redemption Price and, from and after such date (unless the Borrower shall fail to make a payment of the Redemption Price with Eligible Funds), such Bonds or portions thereof shall cease to bear interest from and after the Redemption Date whether or not such Bonds are presented and surrendered for payment on such date. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof on the Redemption Date, such Bond or portion thereof shall continue to bear interest at the rate or rates provided for thereon until paid and the Registered Owners thereof shall have all of the rights and be subject to the limitations set forth in Article VII hereof. Upon surrender of the Bonds for redemption in accordance with said notice, the Bonds shall be paid by the Trustee on behalf of the City at the Redemption Price to the extent of Eligible Funds held by the Trustee on such Redemption Date. Installments of interest due on or prior to the Redemption Date shall be payable to the Registered Owners as of the relevant Record Dates, without surrender thereof, according to the terms of the Bonds and the provisions of this Indenture.

Section 4.04. Partial Redemption; Selection of Bonds. Redemption of Bonds, in part, shall be made on a Proportionate Basis from all maturities and/or all CUSIPs of Senior Bonds then Outstanding, and once no Senior Bonds remain Outstanding, from all maturities and/or all CUSIPs of Subordinate Bonds. All partial redemptions of Bonds shall be made pro rata (or as nearly as practicable thereto, but in no event, in amounts less than \$5,000 except as provided in Section 4.01(g) hereof) within a maturity or CUSIP, as applicable, based on the principal amount of Outstanding Bonds held by such Holder and the aggregate principal amount of Outstanding Bonds within such maturity or CUSIP, as applicable; provided that, no Bond shall be in an amount less than an Authorized Denomination following such partial redemption unless a pro rata redemption would require all Outstanding Bonds to be in an amount less than an Authorized Denomination; provided further that, at no time shall a single entity owning a majority of the Bonds prior to such partial redemption lose its status as the Holder of a Majority Share solely because of such partial redemption. In the event such partial redemption inadvertently leads to the entity owning a majority of Bonds prior to such partial redemption owning less than a majority solely as a result of such partial redemption, such entity shall continue to exercise the rights provided hereunder for a beneficial owner of a majority of the Bonds, and the Trustee shall endeavor to remedy the relative proportions of ownership of Bonds as soon as possible but no later than the next date on which Bonds will be redeemed.

Upon surrender of any Bond for redemption in part, the City shall execute and the Trustee shall authenticate and deliver to the Registered Owner, at the expense of the Borrower, a new Bond or Bonds, in Authorized Denominations equal to the unredeemed portion of the Bond so surrendered.

Section 4.05. Purchase in Lieu of Redemption. The Borrower shall have the option to cause the Bonds to be purchased in whole but not in part by the Borrower or its designee in lieu of redemption pursuant to Section 4.01(a) and the Bondholder Representative or the Borrower shall have the option to cause the Bonds to be purchased in lieu of redemption pursuant to Sections 4.01(c) and 4.01(d). Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the Redemption Date of a written notice of the Borrower or

Bondholder Representative, as applicable, specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the Redemption Date; provided that payment of such Purchase Price shall be made only in Eligible Funds.

Section 4.06. Purchase of Subordinate Bonds in Lieu of Redemption. The Borrower shall have the option to cause the Bonds to be purchased by the Borrower or its designee in lieu of redemption pursuant to Section 4.01(f). Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the Redemption Date of a written notice of the Borrower specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the Redemption Date and such Bonds so purchased shall become Subordinate Bonds upon compliance with the provisions of Article XIII.

Section 4.07. Deposit of Redemption Price or Purchase Price. On (except as provided in Section 4.01(a) with respect to Section 10.03) or prior to any Redemption Date or date of purchase in lieu of redemption, and as a condition to such redemption or purchase, the Borrower shall, only to the extent of amounts due under the Note and the Loan Agreement, deposit or cause there to be deposited with the Trustee or applied in accordance with this Indenture, Eligible Funds in an amount sufficient to pay the Redemption Price or Purchase Price, as the case may be, of all of the Bonds to be redeemed or purchased on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price or Purchase Price and shall not be deemed to be part of the Trust Estate.

ARTICLE V

PLEDGE; FUNDS

Section 5.01. Pledge. (a) *Pledge*. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the granting clauses hereof and of the Pledged Revenues for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

(b) *Money Held by Trustee*. All money required to be deposited with or paid to the Trustee for the account of any of the funds created by this Indenture shall be held by the Trustee in trust for the benefit of the Bondholders, and except for (i) money held in the Expense Fund and the Rebate Fund, and (ii) money deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

(c) *Application of Pledged Revenues*. All money received by the Trustee from the Borrower (to the extent there is no Servicer) or the Servicer, or as a Cap Payment from the cap provider, if any, and all other Pledged Revenues shall be disbursed or transferred, as appropriate, when received by the Trustee, in the following order of priority:

- (i) To the Rebate Fund, an amount equal to the Rebate Amount, if any, then required to be deposited therein pursuant to the Loan Agreement;
 - (ii) To the Expense Fund, an amount needed to pay any Third Party Fees;
 - (iii) To the Bond Fund, the amount of any due and owing Bond Obligations;
- and
- (iv) To the Surplus Fund.

To the extent a Servicing Agreement is in effect from time to time, any sums received by the Trustee directly from the Borrower shall be remitted to the Servicer to be applied in accordance with the Servicing Agreement.

(d) *Limited Liability*. None of the City, the members of the Board of Supervisors, the directors, officers, officials, employees, attorneys or agents of the City, or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the City, payable only as provided herein, and are not a general obligation, nor are they secured by a pledge of the faith

and credit, of the City, the State or any of its political subdivisions, nor are the Bonds payable out of any funds or properties other than those of the City expressly pledged for the payment thereof under this Indenture. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The issuance of the Bonds shall not directly, indirectly, or contingently obligate the City, State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

No recourse shall be had for the payment of the Bond Obligations against any past, present or future supervisor, officer, official, director, employee or agent of the City, or of any successor thereto, as such, either directly or through the City or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such supervisors, officers, officials, directors, employees or agents, as such, is hereby expressly waived and released as a condition of, and consideration for, the execution and issuance of the Bonds.

The City shall not be liable for payment of the Bond Obligations or any other 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 Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

Section 5.02. Establishment of Funds. There are established with the Trustee the following trust funds and accounts:

- (i) The Bond Fund;
- (ii) [intentionally omitted];
- (iii) The Construction Fund (and the Capitalized Interest Account, the Tax-Exempt Bonds Account and the Equity Account therein);
- (iv) The Rebate Fund;
- (v) The Expense Fund;
- (vi) The Costs of Issuance Fund;
- (vii) The Remarketing Proceeds Fund;
- (viii) The Principal Reserve Fund; and
- (ix) The Surplus Fund.

Section 5.03. Bond Fund. The City and the Borrower shall have no interest in the Bond Fund or the moneys therein, which shall always be maintained by the Trustee completely

separate and segregated from all other moneys held hereunder and from any other moneys of the City and the Borrower.

The Trustee shall deposit into the Bond Fund the amounts required by Section 5.01(c) together with any other amounts received by the Trustee that are subject to the lien and pledge of this Indenture, including any Pledged Revenues not otherwise specifically directed in writing to be deposited into other funds created by this Indenture.

On each Bond Payment Date the Trustee shall apply all amounts on deposit in the Bond Fund in the following order of priority:

First, to pay or provide for the payment of the interest due on the Senior Bonds on the next Bond Payment Date;

Second, to the Principal Reserve Fund in an amount equal to the Principal Reserve Fund Deposit as indicated in the Principal Reserve Fund Deposit Schedule;

Third, to pay or provide for the payment of the Redemption Price of Bonds pursuant to Sections 4.01(b), (c), (d), (e), (f), (g) or (h), provided moneys have been transferred or deposited into the Bond Fund for such purpose;

Fourth, if the conditions set forth in Section 13.01 have been satisfied, to pay or provide for the payment of the interest due on the Subordinate Bonds on the next Bond Payment Date;

Fifth, if the conditions set forth in Section 13.01 have been satisfied, once no Senior Bonds remain Outstanding, to redeem Subordinate Bonds on the next Bond Payment Date in an amount equal to the amounts paid by the Borrower as scheduled principal payments under the Note for the prior calendar month;

Sixth, all Pledged Revenues remaining after the foregoing shall be transferred to the Surplus Fund and held therein.

If the amounts held in the Bond Fund are insufficient to pay the principal of or interest on the Senior Bonds when due (together with any Third Party Fees), the Trustee shall charge the Surplus Fund to cover such deficiency. To the extent so directed by the Bondholder Representative, the Trustee shall also pay any other amounts owing the City or the Trustee under the Bond Documents from amounts on deposit in the Surplus Fund or transfer amounts in the Surplus Fund to the Servicer to be applied in accordance with the Servicing Agreement. The Trustee shall notify the Bondholder Representative of such deficiency only if amounts on deposit in the Surplus Fund are insufficient to make such payment. The Trustee shall obtain the prior written approval of the Bondholder Representative prior to accepting any additional collateral as part of the Trust Estate in the form of Pledged Revenues, Surplus Fund proceeds, or otherwise.

Section 5.04. Expense Fund. The Trustee shall deposit in the Expense Fund the amount referred to in Section 5.01(c)(ii). Amounts on deposit in the Expense Fund shall be used to pay

the Third Party Fees as and when the same become due. In the Loan Agreement, the Borrower has agreed to pay directly to the City or the Trustee any extraordinary fees and expenses of the City or the Trustee, as the case may be, that are not included within the Issuer's Ongoing Fee or the Trustee's Fee and not otherwise paid from the Surplus Fund.

Section 5.05. Costs of Issuance Fund. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee only to pay Costs of Issuance upon receipt of a written closing memorandum provided to the Trustee by or on behalf of the City on the date of initial execution and delivery of this Indenture and, thereafter, upon receipt of a Written Requisition of the Borrower which Requisition shall state the amount to be paid, the payee and the purpose for such payment. Upon the receipt of written direction from the Borrower indicating all costs of issuance have been paid or the date that is ninety (90) days following the Closing Date, whichever date is later, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Equity Account of the Construction Fund and shall close the Costs of Issuance Fund.

Section 5.06. Rebate Fund. (a) The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(b) Within 15 days after each receipt or transfer of funds to the Rebate Fund in accordance with Section 5.01(c) hereof, the Trustee shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(c) All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the City and shall be paid through the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Trustee by the Borrower or the Rebate Analyst as set forth in the Loan Agreement).

(d) The Trustee shall preserve all statements, forms and explanations received from the Borrower and delivered to the Trustee pursuant to this Section 5.06, and all records of transactions in the Rebate Fund, until six years after the retirement of all of the Bonds.

(e) The Trustee may conclusively rely on the instructions of the Borrower or the Rebate Analyst with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Borrower or the Rebate Analyst to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in Section 5.06(b) above, the Trustee shall have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's or the Rebate Analyst's specific written instruction related thereto.

(f) If at any time during the term of this Indenture the City, the Trustee or the Borrower desire to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide to

the other persons named herein, a Bond Counsel No Adverse Effect Opinion addressed to the Trustee and the City and an opinion of Bond Counsel that such action shall be in compliance with the laws of the State and the terms of this Indenture.

(g) Moneys and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the City and are not pledged or otherwise subject to any security interest in favor of the Owners to secure the Bonds or any other obligations.

(h) Moneys in the Rebate Fund may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by the Borrower, in Investment Securities, subject to the Code. The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(i) Notwithstanding anything to the contrary in this Indenture, no payment shall be made by the Trustee to the United States if the Borrower shall furnish to the City and the Trustee an opinion of Bond Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In such event, the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Bond Counsel No Adverse Effect Opinion addressed to the City and the Trustee with respect to such withdrawal.

(j) The Trustee shall keep and make available to the City and the Borrower records concerning the investments of all funds held by the Trustee pursuant to this Indenture including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which no Bonds are Outstanding in order to enable the Borrower or the Rebate Analyst to make the computations required under section 148(f) of the Code.

(k) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.06 need not be made to the extent that neither the City nor the Borrower will thereby fail to comply with any requirements of section 148(f) of the Code based on a Bond Counsel No Adverse Effect Opinion addressed to the City and the Borrower, a copy of which shall be provided to the Trustee.

Section 5.07. Surplus Fund. The Trustee shall disburse all amounts on deposit in the Surplus Fund as provided in Section 5.03. If (i) no amounts remain unpaid to the City, the Trustee or the Servicer pursuant to the Bond Documents and the Servicing Agreement, (ii) the Project has been completed, and (iii) the Bonds have been paid within the meaning of Article X of this Indenture, any funds remaining in the Surplus Fund shall be paid to the Borrower.

Section 5.08. Application of Funds and Accounts Upon Event of Default. Upon the occurrence of an Event of Default, the Trustee shall, unless otherwise directed in a written direction from the Bondholder Representative, apply all moneys in the funds and accounts established under this Indenture pursuant to Section 7.04.

Section 5.09. Remarketing Proceeds Fund. Amounts received from the Remarketing Agent on the Bond Purchase Date pursuant to Section 11.03(d) shall be deposited to the Remarketing Proceeds Fund and shall be used solely to purchase remarketed or deemed remarketed Bonds pursuant to Section 11.03(d).

Section 5.10. Principal Reserve Fund. (a) The Trustee shall deposit into the Principal Reserve Fund all of the monthly payments made by the Borrower in accordance with the Principal Reserve Fund Deposit Schedule (if applicable); provided, however, that such monthly payments may be deferred as such Schedule may be amended in writing by the Borrower and the Bondholder Representative and provided to the Trustee by the Bondholder Representative upon delivery of a Bond Counsel No-Adverse-Effect Opinion. Investment Income earned on amounts on deposit in the Principal Reserve Fund shall be retained in the Principal Reserve Fund.

(b) The Trustee shall pay, apply or transfer amounts on deposit in the Principal Reserve Fund as follows:

(1) if the aggregate amount on deposit in the Principal Reserve Fund on the tenth Business Day of any month is greater than the Principal Reserve Amount, then all amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest minimum Authorized Denomination) in excess of the Principal Reserve Amount shall be applied to the redemption of Bonds pursuant to Section 4.01(e); and

(2) on the Bond Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower; and

(3) if the aggregate amount on deposit in the Principal Reserve Fund on the tenth day of any month is equal to the principal amount of the Bonds outstanding then all amounts on deposit in the Principal Reserve Fund shall be applied to the redemption of Bonds pursuant to Section 4.01(e); and

(4) with the Written Consent of the Borrower and the Bondholder Representative, disbursed for any other purpose, including disbursement to the Borrower; provided that, upon the occurrence of an Event of Default, no such Written Consent of the Borrower shall be required for the Bondholder Representative to instruct the Trustee to disburse such funds as it so directs to cover any amounts due with respect to the Loan or the Bonds.

The Principal Reserve Fund Deposit Schedule may be revised from time to time by the Written Direction of the Bondholder Representative to reflect an unscheduled redemption of Bonds in part. The Trustee shall conclusively rely on such Written Direction when determining amounts to be redeemed pursuant to Section 4.01(e).

Section 5.11. [intentionally omitted].

Section 5.12. Additional Funds. The Trustee is hereby authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards) received by the Trustee pursuant to the terms hereof or of any of the other Bond Documents.

Section 5.13. Investment of Moneys. (a) Any money held as part of the funds and accounts shall be invested or reinvested by the Trustee solely pursuant to written direction from the Borrower in Investment Securities. The Borrower shall comply with all requirements of the Tax Certificate in directing such investments. All such Investment Securities shall mature or be subject to withdrawal or redemption without discount or penalty prior to the next Bond Payment Date. In addition, following receipt by a Responsible Officer of Written Notice of an Event of Default, Loan Agreement Default or Default, the Trustee shall invest and reinvest the money it holds as part of the funds and accounts in Investment Securities. Except as described below, any investment made with money on deposit in a fund or account shall be held by or under control of the Trustee and shall be deemed at all times a part of the fund or account where such money was on deposit, and the interest and profits realized from such investment shall be credited to such fund or account and any loss resulting from such investment shall be charged to such fund or account. In the absence of the receipt of any investment instructions as provided herein, the Trustee may invest all money under its control in investments described in clause (h) of the definition of Investment Securities. Notwithstanding the foregoing, amounts in the Construction Fund shall be invested in the Investment Agreement, if any.

(b) Any investment of money may be made by the Trustee through its own bond department, investment department or other commercial banking department or affiliate of the Trustee providing investment services. The Trustee, any such department or the Trustee's affiliates may receive reasonable and customary compensation in connection with any investment made under this Indenture.

(c) The Trustee shall have no liability or responsibility for any depreciation of the value of any investment made in accordance with the provisions of this Section or for any loss resulting from such investment or redemption, sale or maturity thereof, except to the extent any such loss has been caused by the negligence or misconduct of the Trustee.

(d) Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by said party that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by said party, unless said party notifies the Trustee in writing to the contrary within thirty (30) days of the date of receipt of such statement.

(e) The City (and the Borrower by virtue of its execution of the Loan Agreement) acknowledges that to the extent regulations of the Office of the Comptroller of the Currency or other applicable regulatory entity grant the City or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the City and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the City, the Bondholder Representative and the Borrower periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

(f) Except as otherwise provided in subsection (g) of this Section, the City and the Borrower (by virtue of their execution of the Loan Agreement) covenant that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

(g) The City acknowledges (and the Borrower by virtue of its execution of the Loan Agreement) that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

(h) The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is an Investment Security remains an Investment Security. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when a transfer is required or permitted by the provisions of this Indenture.

Section 5.14. Assignment to Trustee; Enforcement of Obligations. The City hereby transfers, assigns and sets over to the Trustee, for the benefit of the Bondowner, and the Trustee hereby accepts, the Trust Estate including all rights and privileges the City has under the Loan Agreement and the other Loan Documents (except for the City's rights under Sections 2.3, 2.4, 5.1(d)(ii) and (iv), 5.1(e)(i), 5.1(h), 5.1(i), 6.2, 6.6, 6.11, 6.14, 6.15, 6.16, 6.17, 6.18, 6.19, 6.20, 6.21, 6.22, 6.42, 6.43, 6.44, 6.45, 7.4 and 8.2 of the Loan Agreement and except to amounts payable to the United States of America pursuant to Section 5.1(d)(i) of the Loan Agreement); and any Pledged Revenues which are collected or received by the City shall be deemed to be held, and to have been collected or received, by the City as the agent of the Trustee, and shall forthwith be paid by the City to the Trustee.

Upon the occurrence of an Event of Default, the Trustee shall proceed as provided in Article VII hereof.

Section 5.15. Swap or Cap Agreements. The Trustee shall only accept a Cap Agreement or Swap Agreement at the written direction of the Bondholder Representative. In the event the Trustee does not receive a subsequent Swap Agreement or Cap Agreement three (3) Business Days prior to expiration of the then current Swap Agreement or Cap Agreement, held by the Trustee, the Trustee shall immediately provide written notice to the Bondholder Representative that it has not received a subsequent Swap Agreement or Cap Agreement to be in effect following termination of the current Swap Agreement or Cap Agreement, as applicable.

It is acknowledged that, as of the Closing Date, there will be no Swap Agreement or Cap Agreement..

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Payment of Principal and Interest. The City shall punctually pay, but only out of Pledged Revenues as herein provided, the Bond Obligations at the times and places and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof. When and as paid in full, the Bonds shall be delivered to the Trustee and shall forthwith be destroyed by the Trustee.

Section 6.02. Preservation of Revenues; Amendment of Documents. The City shall not take any action to interfere with or impair the pledge and assignment hereunder of Pledged Revenues and the assignment to the Trustee of the Trust Estate, or the Trustee's enforcement of any rights hereunder or thereunder, shall not take any action to impair the validity or enforceability of the Loan Agreement, the Deed of Trust or the other Loan Documents, and shall not waive any of its rights under or any other provision of or permit any amendment of the Loan Agreement, the Deed of Trust or the other Loan Documents, without the prior written consent of the Bondholder Representative.

Section 6.03. Compliance with Indenture. The City shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Pledged Revenues other than in accordance with the provisions of this Indenture; it being understood that the City reserves the right to issue obligations payable from and secured by sources other than the Pledged Revenues and the Trust Estate assigned herein. The City shall faithfully observe and perform all the covenants, conditions and requirements hereof applicable to the City. So long as any Bonds are Outstanding, the City shall not create any pledge, lien or charge of any type whatsoever upon all or any part of the Pledged Revenues or the Trust Estate, other than the lien of this Indenture.

Section 6.04. Further Assurances. Whenever and so often as requested so to do by the Trustee, the City, at the expense of the Borrower, shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholders all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Section 6.05. No Arbitrage. The City shall not take, nor knowingly permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the Gross 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 the issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder.

Section 6.06. Limitation of Expenditure of Proceeds. To the best knowledge of the City, not less than ninety-five percent (95%) of the amount advanced as the purchase price of the Bonds, plus premium (if any) paid on the purchase of the Bonds by the Bond Purchaser, less

original issue discount, will be used for Qualified Project Costs and less than twenty-five percent (25%) of such amount will be used for land or an interest in land.

Section 6.07. Rebate of Excess Investment Earnings to United States. The City hereby covenants to cause the Borrower (solely by the inclusion of Sections 5.1(d)(i) and 6.17(i) in the Loan Agreement) to calculate or cause to be calculated excess investment earnings to the extent required by Section 148(f) of the Code and the Borrower shall cause payment of an amount equal to excess investment earnings to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

Section 6.08. Limitation on Issuance Costs. To the best knowledge of the City, an amount not in excess of two percent (2%) of the amount advanced as the purchase price of the Bonds will be used to pay for, or provide for the payment of, Issuance Costs.

Section 6.09. Federal Guarantee Prohibition. The City shall take no action if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of the Code.

Section 6.10. Prohibited Facilities. To the best knowledge of the City, no portion of the proceeds of the Bonds will 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. To the best knowledge of the City, no portion of the proceeds of the Bonds will be used for an office unless the office is located on the premises of the facilities constituting the Project and unless 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 6.11. Use Covenant. The City shall not use any proceeds of Bonds or any other funds of the City, directly or indirectly, in any manner, and shall not take any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 142(d) of the Code by reason of the Bonds not meeting the requirements of Section 142(d) of the Code.

Section 6.12. Status of City. The City is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of California, has the power and authority to (a) enter into the Bond Documents to which it is a party and the transactions contemplated thereby, (b) issue the Bonds to finance the Project, and (c) carry out its other obligations under this Indenture and the Bonds, and by proper action has duly authorized the City’s execution and delivery of, and its performance under, such Bond Documents and all other agreements and instruments relating thereto.

Section 6.13. No Default by City. The City is not in default under or in violation of, and the execution and delivery of the Bond Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (a) the Act, (b) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (c) to its knowledge, the provisions of any agreements and instruments to which the City is a party, a default under or violation of which

would prevent it from issuing and selling the Bonds, financing the Project, executing and delivering the Bond Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the City is making no representations as to the necessity of registering the Bonds pursuant to any securities laws or complying with any other requirements of securities laws).

Section 6.14. No Known Litigation. To the City's knowledge, no litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the City, threatened against the City with respect to (a) the organization and existence of the City, (b) its authority to execute or deliver the Bond Documents to which it is a party, (c) the validity or enforceability of any such Bond Documents or the transactions contemplated thereby, (d) the title of any officer of the City who executed such Bond Documents or (e) any authority or proceedings relating to the execution and delivery of such Bond Documents on behalf of the City, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

Section 6.15. Private Activity Bond Allocation. The California Debt Limit Allocation Committee has provided an allocation of the State's 2015, 2016 and 2017 private activity bond volume cap under section 146 of the Code to the City for the Bonds, the City has timely made any required carry forward election with respect to such allocation, and the City will comply with the requirements of the Code with respect to such allocation. The City hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Bonds; and, in connection therewith, has directed Bond Counsel to include the information on Form 8038 filed for the Bonds that is required by section 3.03 of said Notice.

Section 6.16. Immunities and Limitations of Responsibility of City.

(a) The City shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondholder), and the City shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The City may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The City shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The City shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The City shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the City is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability

for failure to meet the standards set forth in this Section 6.12. The City shall be entitled to reimbursement from the Borrower for their expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Bonds, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the City may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

(b) In furtherance of the covenants in Sections 6.05, 6.06, 6.07, 6.08, 6.09, 6.10, 6.11 and 6.15 hereof, the City, the Trustee and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full. In the event of a conflict between the terms of this Indenture and the Tax Certificate, the terms of the Tax Certificate shall control. In making the representations and agreements set forth in Sections 6.05, 6.06, 6.08, 6.09, 6.10 and 6.11, the City is relying solely upon the representations and warranties of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate. A default by the Borrower in any of its covenants, representations and agreements in the Loan Agreement, Regulatory Agreement or Tax Certificate upon which the City is relying in the various sections of this Article VI shall not be considered a default hereunder by the City.

(c) The Borrower has agreed to indemnify the City and the Trustee against certain acts and events as set forth in Section 8 of the Regulatory Agreement and Section 6.15 of the Loan Agreement. Such indemnities shall survive payment of the Bonds and discharge of the Indenture.

THE CITY MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE SALE OF THE BONDS OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) If any Senior Bonds are Outstanding, a default in the payment of any interest upon the Senior Bonds when such interest becomes due and payable; or

(b) If any Senior Bonds are Outstanding, a default in the payment of principal of, or premium on, the Senior Bonds when such Senior Bond principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory redemption, purchase or otherwise; or

(c) After no Senior Bonds remain Outstanding, a default in the payment of any interest upon the Subordinate Bonds when such interest becomes due and payable; or

(d) After no Senior Bonds remain Outstanding, a default in the payment of principal of, or premium on, the Subordinate Bonds when such Subordinate Bond principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for redemption, purchase or otherwise; or

(e) Default in the performance or breach of any material covenant or warranty of the City in this Indenture (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of thirty (30) days after there has been given written notice, as provided in Section 12.06, to the City and the Borrower by the Trustee or to the City, the Borrower and the Trustee, by the Bondholder Representative, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Indenture; provided that, so long as the City has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the City is diligently pursuing such cure to the Trustee's satisfaction, with the Bondholder Representative's Written Direction or Written Consent, then the City shall have an additional period of time as reasonably necessary (not to exceed thirty (30) days unless extended in writing by the Bondholder Representative) within which to cure such default; or

(f) A failure to pay any Third Party Fees after the thirtieth (30th) day after written notice of the failure to pay; or

(g) Receipt by the Trustee of a written notice from a Credit Facility Provider that a default or event of default has occurred and is continuing under the Reimbursement Agreement; or

(h) Failure of a Credit Facility Provider to honor any drawing in accordance with the terms of the Credit Facility; or

(i) A Credit Facility Provider shall (i) commence a proceeding under any federal or state insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days and such Credit Facility Provider is not replaced in such 90 day period; or (ii) have a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property and such Credit Facility Provider is not replaced in a reasonable time thereafter; or

(j) Any other "Default" or "Event of Default" under any of the other Bond Documents (taking into account any applicable grace periods therein), other than the Continuing Disclosure Agreement.

The Trustee will promptly notify the City, the Borrower, the Servicer and the Bondholder Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default.

Section 7.02. Acceleration of Maturity; Rescission and Annulment. (a) Subject to the provisions of Section 7.11, upon the occurrence of an Event of Default under Section 7.01, then and in every such case, the Trustee may (but only with the Written Consent of the Bondholder Representative) and, at the Written Direction of the Bondholder Representative, the Trustee shall declare the principal of all the Bonds and the interest accrued to be immediately due and payable, by notice to the City and the Borrower and upon any such declaration, all principal of and prepayment premium, if any, and interest on the Bonds shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made pursuant to subsection (a), the Bondholder Representative (if it gave Written Consent or written direction pursuant to Section 7.02(a)) may by Written Notice to the City, the Borrower and the Trustee, rescind and annul such declaration and its consequences if:

(i) There has been deposited with the Trustee a sum sufficient to pay (1) all overdue installments of interest on the Bonds, (2) the principal of and redemption premium on the Bonds that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Bonds, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, (4) all sums paid or advanced by the Bondholder Representative and the reasonable compensation, expenses, disbursements and advances of the Bondholder Representative, its agents and counsel (but only to the extent not duplicative with subclauses (1)-(3) above), and (5) any

amounts owing to the City under any of the Bond Documents and any past due Third Party Fees have been paid in full;

(ii) All Events of Default, other than the non-payment of the principal of the Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 7.11; and

(iii) A Swap Agreement or Cap Agreement complying with the provisions of the Loan Agreement is in effect.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Trustee shall pursue no remedies against the Borrower, the Project or the Construction Fund if no Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Loan Agreement Default.

Section 7.03. Additional Remedies; Bondholder Representative Enforcement.

(a) Upon the occurrence of an Event of Default, the Trustee may, subject to the provisions of this Section 7.03 and the last paragraph of Section 7.12, proceed to protect and enforce its rights and the rights of the Bondholders by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Indenture upon or remedy reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Bondholder Representative may proceed forthwith to protect and enforce its rights and the rights of the Bondholders, the Bonds and this Indenture by such suits, actions or proceedings as the Bondholder Representative, in its sole discretion, shall deem expedient.

(c) Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under this Article VII or otherwise hereunder or under any of the other Bond Documents as a result of the occurrence of an Event of Default hereunder unless and until instructed by Written Direction to do so by the Bondholder Representative. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative (if it gave Written Direction to the Trustee pursuant to this Section 7.03(c)); provided, that before taking any action requested by the Bondholder Representative (except for acceleration of the Bonds), the Trustee may require reasonably satisfactory security or an indemnity bond reasonably satisfactory to it from the Bondholder Representative for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct by reason of any such action so taken.

(d) Whether or not an Event of Default has occurred, any and all consents and approvals of the Trustee required under the Deed of Trust, the Note or any other Bond Document shall be given only with the prior Written Consent of the Bondholder Representative, in its sole discretion.

(e) Whether or not an Event of Default has occurred, and except as provided in subsections 7.03(f) and (g), the Bondholder Representative, in its sole discretion, shall have the sole right to direct the Trustee to waive or forebear any term, condition, covenant or agreement of the Deed of Trust, the Loan Agreement, the Note or any other Bond Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the Bonds, and provided that the City may enforce specific performance with respect to the Reserved Rights.

(f) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such Default remains uncured for a period of 60 days after the Borrower and the Bondholder Representative receive Written Notice from the Trustee or the City stating that an Event of Default under the Regulatory Agreement has occurred and specifying the nature of the Event of Default, the Trustee shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder; provided, however, that any such forbearance by the Trustee in the exercise of its remedies under the Bond Documents shall not be construed as a waiver by the Trustee or the Bondholder Representative of any Conditions to Conversion.

(g) If the Borrower defaults in the performance of their obligations under the Loan Agreement to make rebate payments, to comply with continuing disclosure requirements or to make payments to the Trustee owed pursuant to Sections 5.1(d), 6.14 or 6.15 of the Loan Agreement for fees, expenses or indemnification, the Trustee shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 7.12); provided, however, that any such forbearance by the Trustee in the exercise of its remedies under the Bond Documents shall not be construed as a waiver by the Trustee or the Bondholder Representative of any Conditions to Conversion nor a waiver of any of the Trustee's rights.

Section 7.04. Application of Money Collected. Any money received by the Trustee from the Servicer for distribution hereunder shall be applied in the following order, at the date or dates fixed by the Trustee as directed by the Bondholder Representative and, in case of the distribution of such money on account of the Bond Obligations, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(i) First, the amount of any Issuer's Ongoing Fee, Trustee Fee, Rebate Analyst Fee, and any other amounts due and owing to the City then due and payable under the Bond Documents, except to the extent of any funds then on deposit in the Expense Fund or otherwise held by the Trustee to pay the same;

(ii) Second, any amount due and payable under the Bonds; and

(iii) Third, the payment of the remainder, if any, to the Servicer to be applied according to the Servicing Agreement.

Any money collected by the Trustee pursuant to this Article, and any other sums then held by the Trustee as part of the Trust Estate following an Event of Default hereunder, shall be remitted to the Servicer to be applied in accordance with the Servicing Agreement.

Section 7.05. Remedies vested in Trustee and Bondholder Representative. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of the Bonds or the production thereof in any proceeding relating thereto. Subject to the rights of the Bondholder Representative to direct proceedings hereunder, any such proceeding instituted by the Trustee shall be brought in its own name as Trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the benefit of the Bondholders, in respect of whom such judgment has been recovered, subject to the provisions of Section 7.04.

Section 7.06. Limitation on Suits; Rights of Bondholders. Subject to the provisions of Section 7.12 of this Indenture and to rights specifically given to the Bondholder Representative, no Bondholder shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or Trustee or for any other remedy hereunder, unless:

(i) Such Bondholder previously has given Written Notice to the Trustee of a continuing Event of Default;

(ii) Such Bondholder shall have made Written Request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) Such Bondholder (either alone or together with other Bondholders) has offered to the Trustee in writing reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and the Trustee has thereafter failed or refused to exercise remedies hereunder; and

(iv) No remedies have been exercised by either the Bondholder Representative or the Trustee for a period of sixty (60) days from the date the Bondholder provided reasonable indemnity pursuant to clause (iii) above.

Section 7.07. Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, other than those set forth in Article III, to the contrary, the Bondholders shall have the right which is absolute and unconditional to receive payment of the Bond Obligations when due and, subject to Section 7.06, to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the Written Consent of all of the Bondholders.

Section 7.08. Restoration of Positions. If the Trustee, the Bondholder Representative or any of the Bondholders shall have instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, the Bondholder Representative or to the Bondholders, then and in every such case the City, the Trustee, the Bondholder Representative and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the City, the Trustee, the Bondholder Representative and the Bondholders shall continue as though no such proceeding had been instituted.

Section 7.09. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee, the Bondholder Representative or the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.10. Delay or Omission Not Waiver. No delay or omission of the Trustee, the Bondholder Representative or of the Bondholders to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, the Bondholder Representative or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Bondholder Representative or by the Bondholders, as the case may be. No waiver of any default or Event of Default pursuant to Section 7.11, whether by the Trustee, the Bondholder Representative or the Bondholders, shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 7.11. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee, the Bondholder Representative (or, in the event of a monetary default, all of the Bondholders) may, subject to Section 7.06, by Written Notice to the Trustee, the City and the Borrower, waive any past default hereunder or under the Loan Agreement and its consequences except for default in obligations due the City pursuant to or under the Unassigned City's Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture and the Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 7.12. Remedies Under Loan Agreement or Note. As set forth in this Section 7.12 but subject to the last paragraph of this Section 7.12, the Trustee, at the Written Direction of the Bondholder Representative, shall have the right, in its own name or on behalf of the City, to declare any default and exercise any remedies under the Loan Agreement or the Note, whether or not the Bonds have been accelerated or declared due and payable by reason of an Event of Default. Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement or the Note shall be applied as provided in Section 7.04.

If an Event of Default has occurred and is continuing, the Trustee, at the Written Direction of the Bondholder Representative, shall enforce the Bond Documents and pursue the rights and remedies thereunder whether or not the Bonds have been accelerated or declared due and payable.

Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under the Loan Agreement, the Note or any of the other Bond Documents as a result of the occurrence of a Loan Agreement Default, or an Event of Default under the Deed of Trust or any default or event of default under any of the other Bond Documents and the expiration of the applicable grace period or notice and cure period, if any, specified therein, unless and until instructed to do so in writing by the Bondholder Representative. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative; provided that the Bondholder Representative shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the costs and expenses to be incurred by the Trustee in compliance with any such instructions, provided, however, such indemnity need not protect the Trustee against losses caused by the Trustee's negligence or willful misconduct.

Section 7.13. Waiver of Appraisalment and Other Laws. (a) To the extent permitted by law, the City will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisalment, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture; and the City, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The City, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Trust Estate marshaled upon any enforcement hereof.

(b) If any law in this Section referred to and now in force, of which the City or its successor or successors might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section.

Section 7.14. Suits to Protect the Trust Estate. Subject to the provisions of Section 7.12, the Trustee, at the Written Direction of the Bondholder Representative, shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts that may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondholders in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Bondholders or the Trustee.

Section 7.15. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling

in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 7.16. Assumption of Obligations. In the event that the Trustee, the Bondholder Representative, the Bondholders or its 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 Borrower under the Loan Agreement, the Note, the Regulatory Agreement and any other Bond Documents to which the Borrower is a party. 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 Borrower.

Section 7.17. Limitation of Liability to Pledged Revenues. Notwithstanding anything herein or in any other instrument to the contrary, the City shall not be required to advance any moneys derived from the proceeds of taxes collected by the City, by the State or by any political subdivision thereof or from any source of income of any of the foregoing other than the Pledged Revenues for any of the purposes mentioned in this Indenture, whether for the payment of the Bond Obligations or for any other purpose of this Indenture. The Bonds are limited obligations of the City, and are payable from and secured by the Pledged Revenues and the Trust Estate only.

ARTICLE VIII

THE TRUSTEE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the City hereby agrees to employ the Trustee to receive, hold, invest and disburse the moneys received pursuant to the Loan Agreement for credit to the various funds and accounts established by this Indenture; to execute, deliver and transfer the Bonds; and to apply and disburse the payments received from the Borrower pursuant to the Loan Agreement to the Owners of Bonds; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Trustee shall be implied in this Indenture.

Subject to its rights to indemnification pursuant to Section 8.06, the Trustee is directed to enter into the Loan Documents to which it is a party and other related documents, solely in its capacity as Trustee.

The Trustee, on behalf of the City, may (but shall not be required or obligated) perform and observe any such agreement or covenant of the City under the Loan Agreement, all to the end that the City's rights under the Loan Agreement may be unimpaired and free from default.

The Trustee shall keep and maintain adequate records pertaining to the funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Bonds, subject to the inspection of the Borrower, the City, the Bondholder Representative, the Servicer and their representatives at all reasonable times and upon reasonable prior notice.

The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as reasonable persons familiar with such matters would exercise or use under similar circumstances in the conduct of their own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that:

- (a) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture;

(b) At all times (1) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or officers or by any agent or attorney of the Trustee appointed with due care unless (except as otherwise provided in Section 8.02(e)) the Trustee was negligent in ascertaining the pertinent facts; and (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the City, accompanied by an opinion of Bond Counsel as provided herein or in accordance with the directions of the holders of not less than a majority, or such other percentage as may be required hereunder, in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture;

(c) The Trustee shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, except defaults under Section 7.01(a), (b), (c) or (d) hereof, unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the City or the owners of at least a majority in aggregate principal amount of all Bonds then Outstanding, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Trustee shall be specifically notified in writing of such default by the City;

Upon the occurrence of any Event of Default hereunder and provided that a responsible officer of the Trustee is aware of or has received Written Notice of the existence of such default, promptly, and in any event within fifteen (15) days, with respect to the City, the Borrower, the Servicer, the Bondholder Representative and within thirty (30) days with respect to any other Bondholder, the Trustee shall transmit to the City, the Bondholder Representative, the Borrower, the Investor Limited Partner and the Servicer in the manner and at the addresses for notices set forth in Section 12.06 and by mail to the Bondholders as their names and addresses appear in the Bond Register, notice of such Event of Default hereunder known to the Trustee pursuant to Section 8.01(c), unless such Event of Default shall have been cured or waived.

(d) Before taking any action under Article VII hereof or this Section 8.01 at the request or direction of the Bondholders, the Trustee may require that a satisfactory indemnity bond be furnished by the Bondholders, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(e) Upon any application or request by the City or the Bondowner to the Trustee to take any action under any provision of this Indenture, the City or Bondowner, as applicable, shall furnish to the Trustee a certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

(f) The Trustee may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys;

(g) Neither the City nor the Borrower shall be deemed to be agents of the Trustee for any purpose, and the Trustee shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) The Trustee shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Trustee reasonably believes such telephonic notice has been given by a person authorized to give such notice;

(i) The immunities extended to the Trustee also extend to its directors, officers and employees;

(j) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds, it being the obligation of the Trustee to administer, for the benefit of the Bondholders, the various funds and accounts established hereunder;

(k) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy;

(l) The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of the Bondowner related to the exercise of any right, power or remedy available to the Trustee; and

(m) The Trustee shall have no duty to review any financial statements or budgets filed with it by the Borrower under the Loan Agreement.

(n) The Trustee acknowledges that Borrower has an obligation to pay certain fees to the City pursuant to Section 19 of the Regulatory Agreement. The Trustee further acknowledges that in order to preserve the tax-exempt status of the Bonds, the Borrower must comply with requirements for rebate of excess investment earnings to the federal government to the extent applicable. The Trustee agrees to send the Borrower a notification or reminder, with a copy to the City, of: (1) the Borrower's payment obligations under clause (ii) of the second paragraph of Section 19 of the Regulatory Agreement by [October] 1 of each year, commencing [October] 1, 2018, and ending on the earlier of the date on which the Bonds are paid or redeemed in full, and (2) the Borrower's obligation to rebate excess investment earnings by the date which is sixty (60) days after the earlier of the Bond maturity date or date the Bonds are paid in full, said notice to be given by the Trustee on the earlier of the maturity date or date of payment in full of the Bonds. However, in no event shall the Trustee be liable to the City, the Bondowner or the Borrower for the failure to so notify or remind the Borrower.

(o) Without limiting the duties of the Trustee expressly set forth in this Indenture, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of investment or non-investment of any funds or accounts relating to the Bonds under Section 148 of the Code; (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code; or (iv) compliance by the City or the Borrower with the provisions of the Tax Certificate.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties as Trustee or in the exercise of any of its rights or powers as Trustee. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Article VIII.

Section 8.02. Right of Trustee to Rely Upon Documents, Etc. Except as otherwise provided in Section 8.01:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond or other paper or document reasonably believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the City mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the City, and any resolution of the City may be evidenced to the Trustee by a Certified Resolution;

(c) The Trustee may consult with counsel (who may be counsel for the City, counsel for the Trustee or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the City; and such Certificate of the City shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof; and

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document,

but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

Section 8.03. Trustee Not Responsible for Recitals. The recitals contained herein and in the Bonds shall be taken as the statements of the City, and the Trustee assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds. The Trustee makes no representations as to the value or condition of any assets pledged or assigned as security for the Bonds, or as to the right, title or interest of the City therein, or as to the security provided thereby or by this Indenture, the Loan Agreement, the Deed of Trust or the other Loan Documents, or as to the compliance of the Project with the Act, or as to the tax-exempt status of the Bonds, or as to the technical or financial feasibility of the Project, or as to the validity or sufficiency of this Indenture as an instrument of the City or of the Bonds as obligations of the City. The Trustee shall not be accountable for the use or application by the City of any of the Bonds authenticated or delivered hereunder or of the use or application of the proceeds of such Bonds by the City or the Borrower or their agents.

Section 8.04. Intervention by Trustee. The Trustee may intervene on behalf of the owners of the Bonds in any judicial proceeding to which the City is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of owners of the Bonds and, subject to the provisions of Section 8.01(d), but shall do so only if requested in writing by the Bondowners.

Section 8.05. Moneys Received by Trustee to be Held in Trust. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the City to pay thereon.

Section 8.06. Compensation and Indemnification of Trustee and Agents.

(a) The Trustee shall be entitled to receive compensation from the Borrower for its services as Trustee, as provided in Section 5.1(j) of the Loan Agreement, and shall be indemnified by the Borrower as provided in Section 6.15 of the Loan Agreement and Section 8 of the Regulatory Agreement. The Trustee acknowledges and agrees that, unless otherwise specifically agreed to in writing by the City (in the City's sole and absolute discretion), the City shall not be responsible for the fees and expenses of the Trustee, and is providing no indemnification to the Trustee.

(b) If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to but not obligated to make advances for the purpose of

preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Trustee to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and is hereby granted a lien and a security interest prior to the Bonds in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee in the Bond Fund, which amounts shall be held solely for the benefit of the Bondholders and used only for the payment of principal of and premium, if any, and interest on the Bonds. The Trustee's rights to immunities, indemnities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive the Trustee's resignation or removal and final payment of the Bonds.

Section 8.07. Qualifications of Trustee. There shall at all times be a trustee hereunder, which shall be a corporation, banking association or trust company, in each case having trust powers, doing business and having a principal corporate trust office in California and shall

(a) either (i) have a combined capital and surplus of at least \$100,000,000 and be subject to supervision or examination by federal or state authority, or (ii) be a wholly-owned subsidiary of a bank, trust company or bank holding company meeting on an aggregate basis the tests set out in clause (i); and

(b) be able to comply with the terms and conditions of this Indenture, including, without limitation, Section 8.11 and Exhibit D, and to comply with the terms of the Loan Agreement applicable thereto.

If such corporation, banking association, or trust company publishes reports of conditions at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 8.07 the combined capital and surplus of such corporation, banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.07, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08(b) below.

Section 8.08. Removal, Resignation and Appointment of Successor Trustee.

(a) *Removal of Trustee.* The City may remove the Trustee at any time, and shall remove the Trustee if at any time requested to do so by an instrument in writing signed by the Bondholder Representative or if at any time the Trustee shall cease to be eligible in accordance with Section 8.07 hereof, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or any substantial portion thereof or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon the City shall appoint a successor Trustee by an instrument in writing. Any successor Trustee appointed by the City under Section 8.08(c) of this Indenture shall be subject to the approval of the Bondholder Representative, which approval shall not unreasonably be withheld or delayed.

(b) *Resignation of Trustee.* The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the City, the Bondholder Representative, the Borrower, the Bondowners and to the Servicer. Upon receiving such notice of resignation, the City shall appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment, other than pursuant to court order.

(c) *Appointment of Successor Trustee.* Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon the acceptance of appointment of the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in subsection (a) of this Section 8.08. If no qualified successor Trustee shall have been appointed and have accepted appointment within forty-five (45) calendar days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Bondholder may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the City and its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the written request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance, including a quitclaim deed, and further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trust and conditions herein set forth. Upon request of the successor Trustee, the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall mail, by first class mail, postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Bondholders at the addresses shown on the registration books.

Section 8.09. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of the first sentence of Section 8.07.

Section 8.10. Paying Agents. The Trustee, with the written approval of the City and the Bondowner, may appoint and at all times have one or more paying agents in such place or places as the Trustee may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bonds. It shall be the duty of the Trustee to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Trustee for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bonds presented at either place of payment. The paying agent initially appointed hereunder is the Trustee.

Section 8.11. City Contracting Provisions. The Trustee covenants and agrees to comply with the provisions set forth in Exhibit D to this Indenture.

Section 8.12. Requirements for Bondholder Representative Consent and Instruction to the Trustee. Notwithstanding anything to the contrary contained herein or in any of the other Bond Documents, except the provisions of Article IX hereof regarding the consent or approval of Bondholders to any supplement or amendment to this Indenture, the Loan Agreement, the Note or to any of the other Bond Documents, the following provisions shall govern and control with respect to any consents, determinations, elections, approvals, waivers, acceptances, satisfactions or expression of opinion of or the taking of any discretionary act or the giving of any instructions or the taking of actions by the Bondholder Representative or the other Bondholders hereunder or under any of the other Bond Documents.

(a) The City and Trustee acknowledge that, concurrently with the issuance of the Bonds, the Bond Purchaser has designated the Person identified in the definition of "Bondholder Representative" as the initial Bondholder Representative. The Bondholder Representative shall have the authority to bind the Bondholders for all purposes hereunder and under each of the other Bond Documents, including, without limitation, for purposes of exercising the rights of the Bondholder Representative under Section 12.16. The Trustee shall be entitled to rely upon the acts of any such Bondholder Representative as binding upon the Bondholder Representative and the Bondholders.

(b) The Bondholder Representative shall continue to act in such capacity and the Trustee shall continue to rely on the actions of such Bondholder Representative for all purposes hereunder and under each of the Bond Documents until such time as the Holders of a Majority Share designate a new Bondholder Representative.

Section 8.13. Loan Servicing. The City and the Trustee acknowledge that the Bondholder Representative shall have the right to appoint the Servicer to service and administer the Loan as set forth in the Servicing Agreement. The City and the Trustee shall not be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer. The Bondholder Representative may, in its sole discretion, terminate or replace the Servicer.

Section 8.14. Requests From Rating Agency. If the Bonds are at any time rated by a Rating Agency, the Trustee shall promptly, during such time, respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its

possession to the Rating Agency. During any period the Bonds are rated by a nationally recognized Rating Agency, the Trustee shall provide to any such Rating Agency with Written Notice upon the occurrence of: (a) the resignation or removal of the Trustee; (b) acceptance of appointment as successor Trustee hereunder; (c) the redemption or Mandatory Tender and purchase of all Bonds; (d) a material change in this Indenture or the Loan Agreement; (e) the expiration, termination, reduction, modification or amendment of the Credit Facility; (f) the defeasance in whole of the Bonds; (g) any conversion of Interest Rate Modes; and (h) any declaration by the Trustee of an acceleration of the payment of the principal of and interest on the Bonds pursuant to this Indenture. The Trustee shall also notify any Rating Agency of any material changes to any of the documents to which the Trustee is a party, upon its receipt of written notification of any such changes.

Section 8.15. Concerning the Remarketing Agent. Any Remarketing Agent shall be appointed by the Borrower with the consent of the City and the Credit Facility Provider, if any, or the Bondholder Representative (to the extent there is no Credit Facility Provider), and shall meet the qualifications set forth in this Section and Section 8.16. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the City, the Credit Facility Provider, if any, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) compute the Weekly Interest Rate, Daily Interest Rate, Term Rate and Fixed Interest Rate, as applicable, and give notices of such computations to the Trustee on each applicable Interest Rate Determination Date, all in accordance with this Indenture; and

(b) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the City, the Trustee, the Credit Facility Provider, if applicable, and the Borrower at all reasonable times.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

Section 8.16. Qualifications of Remarketing Agent. The Remarketing Agent shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least thirty (30) days' notice of such resignation to the City, the Borrower, the Bondholder Representative, the Credit Facility Provider, if any, and the Trustee. The Remarketing Agent may be removed at any time by the Borrower, with the written consent of the Credit Facility Provider, if any, or, in the absence of a Credit Facility, the Bondholder Representative, which consent shall not be unreasonably withheld. To effect such removal, the Authorized Borrower Representative shall give at least thirty (30) days' notice of such removal to the Remarketing Agent, the City, the Credit Facility Provider, if any, the Bondholder Representative and the Trustee.

Upon any resignation of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Remarketing Agent shall resign, or be removed or dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Borrower (with the consent of the City) shall not have appointed a successor Remarketing Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section, shall ipso facto be deemed to be the Remarketing Agent until the appointment by the Borrower (with the consent of the City) of a successor Remarketing Agent; however, the Trustee shall not remarket Bonds or fix the interest rate for the Bonds, but shall be required only to implement the purchase of Bonds pursuant to a draw on the Credit Facility as provided for in Section 5.3.

The Trustee, within thirty (30) days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency, if any, and to the registered Holders of the Bonds.

With respect to the Remarketing Agent, the term its "successors" shall include any entity to which its remarketing trading and sales activities are transferred.

Section 8.17. Tender Agent. (a) The Trustee, with the written consent of the Bondholder Representative, shall appoint the Tender Agent for the Bonds, subject to the conditions set forth in Section 8.18. The Trustee shall initially serve as the Tender Agent. The Tender Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the City, the Credit Facility Provider, if any, and the Trustee under which the Tender Agent acknowledges its qualifications and authority to act as Tender Agent under this Indenture and agrees, particularly, as follows:

(1) The Tender Agent shall, upon receipt of a tender notice from any Bondholder (or DTC Participant, with respect to a Bond in "book entry only" form), give prompt telephonic notice thereof to the Trustee, the Credit Facility Provider, if any, and the Remarketing Agent, specifying the amount of Bonds to be purchased and the Bond Purchase Date, and shall, not later than the following Business Day, confirm such telephonic notice in writing and deliver to the Remarketing Agent, the Credit Facility Provider and the Trustee and the a copy of such tender notice.

(2) On each Bond Purchase Date, the Tender Agent shall give the Remarketing Agent, the Credit Facility Provider, if any, and the Trustee telephonic notice, confirmed in writing by the following Business Day, of the principal amount of Bonds delivered pursuant to Section 11.01.

(3) The Tender Agent shall hold all Bonds delivered to it pursuant to Section 11.01 in trust for the benefit of the respective Bondholders which shall have so delivered

such Bonds until such Bonds are required by this Indenture to be delivered to the respective purchasers thereof.

(4) The Tender Agent shall cancel all Bonds for which it has received written notice of remarketing from the Remarketing Agent and shall authenticate new Bonds in a like aggregate principal amount in the names and in the denominations set forth in the written notice given to the Tender Agent by the Remarketing Agent pursuant to Section 11.01.

(5) The Tender Agent shall deliver Bonds to the purchasers thereof in accordance with Section 11.03 and shall establish the Bond Purchase Fund under Section 11.03(d). The Tender Agent shall remit the Purchase Price of tendered Bonds to the tendering Bondholders in accordance with Section 11.04.

(6) The Tender Agent shall deliver to the Trustee all tendered Bonds canceled.

(7) The Tender Agent shall keep such books and records as shall be consistent with prudent industry practice and shall make such books and records available for inspection by the City, the Trustee and the Credit Facility Provider at all reasonable times.

(8) The Tender Agent shall send to the Trustee a copy of its transfer journal evidencing all changes in registration of the Bonds within two (2) days of making such changes.

(b) The Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bonds for which it has received a Tender Notice and which have not been remarketed pursuant to Section 11.03, but solely from the sources listed in Section 11.04; and the Tender Agent shall pay to tendering Bondholders the Purchase Price of any Bonds for which it has received a tender notice and which have been remarketed pursuant to Section 11.03, but solely from amounts received from the Remarketing Agent.

Section 8.18. Qualifications of Tender Agent. (a) The Tender Agent shall be a commercial bank, national banking association or trust company with a principal office, or with an affiliate with an office, in New York, New York; provided, however, that the Tender Agent, or an affiliate, shall only be required to have an office in New York, New York when the Bonds are physical, having a capitalization of at least \$10,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture; provided that, in any event, the Trustee may serve as the Tender Agent so long as the Bonds are in "book entry only" form. The Tender Agent shall be an affiliate of the Trustee (unless the Tender Agent is the Trustee), unless the Trustee has no affiliate meeting the requirements of the first sentence of this Section, in which case the selection of the Tender Agent shall be an entity appointed by the Trustee with the written consent of the Credit Facility provider and the Borrower.

(b) The Tender Agent may at any time resign and be discharged by giving at least sixty (60) days' notice to the Trustee, the City, the Borrower, the Credit Facility Provider, if any,

and the Bondholder Representative. The Tender Agent may be removed at any time, with the written consent of the Credit Facility Provider, if any, or in the absence of a Credit Facility, the Bondholder Representative, by an instrument signed by the Trustee and filed with the Tender Agent, the Remarketing Agent and the City.

(c) In the event of the resignation or removal of the Tender Agent, the Tender Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity, and shall deliver all books and records relating thereto, to its successor or, if there be no successor, to the Trustee.

(d) In the event that the Trustee shall fail to appoint a Tender Agent hereunder, or in the event that the Tender Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Tender Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Trustee shall not have appointed its successor as Tender Agent, the Trustee, notwithstanding the provisions of the first paragraph of this Section 8.18, shall be deemed to be the Tender Agent for all purposes of this Indenture until the appointment by the Trustee of the Tender Agent or a successor Tender Agent, as the case may be, notwithstanding the fact that the Trustee may not meet the qualifications set forth in the first paragraph of this Section 8.18.

(e) Insofar as such provisions may be applicable, the Tender Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in Sections 8.01 and 8.03 with respect to the Trustee. The Tender Agent shall perform such duties, and only such duties, as are specifically set forth in this Indenture and the Loan Agreement and no implied covenants shall be read into this Indenture or the Loan Agreement against the Tender Agent.

ARTICLE IX

MODIFICATION OF INDENTURE; AMENDMENTS TO LOAN AGREEMENT AND BOND DOCUMENTS

Section 9.01. Supplemental Trust Indentures Without Bondholders Consent. The City and the Trustee from time to time may enter into a Supplemental Indenture, without the consent of any Bondholders, but with the consent of the Bondholder Representative and the Borrower (to the extent such Supplemental Indenture materially affects the rights, duties, obligations or other interests of the Borrower and provided that if the Borrower is in default under the Bond Documents or the documents relating to the Loan, no consent of the Borrower shall be required unless such Supplemental Indenture has a material adverse effect on the rights, duties, obligations or other interests of the Borrower) as are necessary or desirable to:

(a) Cure any ambiguity or formal defect or omission or correct or supplement any provision herein that may be inconsistent with any other provision herein;

(b) Grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) Amend any of the provisions of this Indenture to the extent required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(d) Add to the covenants and agreements of the City in this Indenture other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City;

(e) Make any change herein that is required by any Rating Agency in order to obtain a rating by such Rating Agency on the Bonds;

(f) Amend, alter, modify or supplement this Indenture in a manner necessary or desirable in connection with either the use or maintenance of the Book-Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book-Entry System for the Bonds;

(g) Make any other change, which is not materially adverse to the interests of the Bondholders;

(h) During a Daily Interest Rate Mode or a Weekly Interest Rate Mode, to modify, alter, amend or supplement this Indenture in any other respect, including amendments which would otherwise be described in Section 9.02, if notice of the proposed supplemental indenture is given to Bondholders (in the same manner as notices of redemption are given) at least fifteen (15) days before the effective date thereof

and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to Section 11.01;

(i) Modify, alter, amend or supplement this Indenture in connection with the delivery of any Credit Facility, or upon the occurrence of any Interest Rate Adjustment Date; or

(j) Implement or modify any secondary market disclosure requirements.

The Trustee will provide the Borrower with at least ten Business Days Written Notice of any proposed Supplemental Indenture. Immediately after the execution of any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to the Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated Office of the Trustee for inspection by Bondholders. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such Supplemental Indenture.

Notwithstanding the foregoing or the provisions of Section 9.02, the City and the Trustee may make amendments to Exhibit D hereto at any time, without any requirement for the consent of the Bondholder Representative, the Borrower, the Servicer or the Bondowners thereto.

Section 9.02. Supplemental Trust Indentures With Bondholders' Consent. Except as otherwise provided in Section 9.01, the Bondholder Representative shall have the right, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee, of each Supplemental Indenture as shall be deemed necessary or desirable by the City, the Borrower or the Bondholder Representative for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of the Bondholders of all of the Bonds affected by such Supplemental Indenture, (a) an extension in the payment of any Bond Obligation with respect to any Bond issued hereunder, or (b) a reduction in any Bond Obligation payable under or with respect to any Bond, or the rate of interest on any Bond, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Bonds hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture or to any amendment, change or modification to the Bond Documents as provided in this Article IX, or (f) an extension or reduction in the payment of any other amount payable on or in connection with any Bond issued hereunder. Nothing herein contained, however, shall be construed as making necessary the approval of Bondholders (other than the Bondholder Representative) of the execution of any Supplemental Indenture authorized in Section 9.01.

If at any time the City or the Borrower shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of this Section, the Trustee shall, at the expense

of the Borrower, cause notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to the Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated Office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section 9.02, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing of such notice, the City delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the Trustee may, subject to the provisions of the first paragraph of this Section 9.02, execute such Supplemental Indenture in substantially such form.

Subject to the provisions of the first paragraph of this Section 9.02, if, at the time of the execution of such supplemental trust indenture, the Bondholder Representative shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object to the execution of such supplemental trust indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

Section 9.03. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the City, the Trustee, and all owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.04. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01 or 8.02, as applicable, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

Section 9.05. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the City as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the City, to any modification of this Indenture contained in any such supplemental indenture, may be prepared and executed by the City and authenticated by the Trustee and delivered without cost to the holders of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 9.06. Amendments to Loan Agreement and Bond Documents Not Requiring Consent of Bondholders. The City shall not consent to any amendment, change or modification of the Loan Agreement or any other Bond Document (other than this Indenture) without the prior Written Consent of the Trustee, the Borrower and the Bondholder Representative. The City, the Bondholder Representative and the Trustee may, without the consent of or notice to any other Bondholders, but only with the consent of the Borrower, consent to any amendment, change or modification of any of the above-mentioned documents as are necessary or desirable to:

(a) Cure any ambiguity or formal defect or omission, correct or supplement any provision therein;

(b) Grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) Amend any of the provisions therein to the extent required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(d) Add to the covenants and agreements of the City therein other covenants and agreements thereafter to be observed by the City or to surrender any right or power therein reserved to or conferred upon the City;

(e) Make any change that is required by any Rating Agency in order to obtain or maintain a rating by such Rating Agency on the Bonds;

(f) Amend, alter, modify or supplement such document in a manner required in connection with either the use or maintenance of the Book-Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book-Entry System for the Bonds;

(g) Make any other change, which is not materially adverse to the interests of the Bondholders of the Bonds;

(h) During a Daily Interest Rate Mode or a Weekly Interest Rate Mode, to modify, alter, amend or supplement the Loan Agreement in any other respect including amendments which would otherwise be described in Section 9.07, if notice of the proposed amendments is given to Bondholders (in the same manner as notices of redemption are given) at least fifteen (15) days before the effective date thereof and, on or before such effective date, the Bondholders have the right to demand purchase of their Bonds pursuant to Section 11.01; or

(i) To modify, alter, amend or supplement the Loan Agreement in connection with the delivery of a Credit Facility to the extent such modification,

alteration, amendment or supplement will not materially adversely affect the interest of the Bondholders, or upon the occurrence of any Interest Rate Adjustment Date.

Section 9.07. Amendments to Loan Agreement and Bond Documents Requiring Consent of Bondholders. Except for the amendments, changes or modifications corresponding to those provided in Section 9.06, neither the City nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or the other Bond Documents (other than this Indenture) without the consent of the Bondholder Representative; provided, however, that nothing herein shall permit or be construed as permitting, without the consent of the Bondholders of all of the Bonds, (a) an extension of the time of payment of any amounts payable under the Note, the Loan Agreement or the Bonds, or (b) a reduction in the amount of any payment to be made with respect to the Note, the Loan Agreement, or the Bonds, or the rate of interest on the Note or any Bond, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Note, Loan Agreement or the Bonds hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to any such amendment, change or modification as provided herein, or (f) an extension or reduction in the payment of any other amount payable on or in connection with the Note, the Loan Agreement or any Bond issued hereunder. If at any time the City or the Borrower request consent to any such proposed amendment, change or modification of any of such documents, other than an amendment, change, or modification permitted by Section 9.06, the Trustee shall, at the expense of the Borrower, cause notice of such proposed amendment, change or modification to be mailed, postage prepaid, to Bondholders. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the amendment to such document embodying the same are on file at the designated Office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplement or amendment to such document when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing such notice, the City delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed amendment or supplement to the document described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the City and/or the Trustee may execute such amendment in substantially the form on file as provided above, without liability or responsibility to any Bondholder of any Bond, whether or not such Bondholder has consented thereto.

Section 9.08. Amendments to the Credit Facility. The Trustee may, without the consent of, or notice to, any of the Bondholders enter into any amendment, change or modification of the Credit Facility (a) as may be required by the provisions of the Credit Facility, (b) to cure any formal defect, omission, inconsistency or ambiguity in the Credit Facility, (c) in any manner which is not prejudicial to the interests of the Bondholders (which shall be conclusively evidenced by an Opinion of Counsel delivered to the Trustee, the City and the Credit Facility

Provider or by a written confirmation from the Rating Agency of the then existing rating on the Bonds delivered to the Trustee, the City and the Credit Facility Provider) or (d) as required by the Rating Agency to maintain the then current rating on the Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. Whenever all Bond Obligations have been fully paid and the Bonds are no longer outstanding, and all fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then (a) this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of the Bonds herein or therein provided for) and (b) the Trustee shall execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver all cash and securities then held by it hereunder as a part of the Trust Estate in accordance with Section 10.05 hereof.

The City or the Borrower may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the City or the Borrower lawfully may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Trust for Payment of Debt Service. (a) The City shall, at the Written Request of the Borrower, and at the expense of the Borrower, on any date provide for the payment of any of the Bonds by establishing an escrow (at the sole expense of the Borrower) for such purpose with the Trustee and depositing therein cash and/or Government Obligations that (assuming the due and punctual payment of the principal of and interest on such Government Obligations, or, in connection with a defeasance for a period of no more than 35 days, Investment Securities described in clause (h) of the definition thereof or otherwise approved in writing by the Bondholder Representative (the "Special Defeasance Obligations"), but without reinvestment) will provide funds sufficient to pay the principal, premium, if any, and interest on the Bonds at the Defeasance Rate which may apply to the Bonds as the same become due and payable until the maturity or redemption of the Bonds; provided, however, that:

(i) Such Government Obligations or Special Defeasance Obligations must not be subject to redemption prior to their respective maturities at the option of the City of such Government Obligations or Special Defeasance Obligations,

(ii) If the Bonds are to be redeemed prior to their maturity, either (i) the Trustee shall receive evidence that irrevocable written notice of such redemption has been given in accordance with the provisions of this Indenture and the Bonds or (ii) the City shall confer on the Trustee irrevocable written authority for the giving of such notice on behalf of the City,

(iii) Prior to the establishment of such escrow the City, the Trustee and the Bondholder Representative must receive (1) an Opinion of Counsel stating in effect that upon the occurrence of an Act of Bankruptcy of the Borrower, its Borrower Controlling Entity or any Guarantor, money and investments in such trust will not be recoverable

from the Trustee or the Bondholders under provisions of the Bankruptcy Code relating to voidable preferences and (2) an Bond Counsel No Adverse Effect Opinion, and

(iv) Except in the case of a gross-funded cash defeasance, prior to the establishment of such escrow, the Trustee must receive a report by an independent certified public accountant stating in effect that the principal and interest payments on the Government Obligations in such escrow, without reinvestment, together with the cash initially deposited therein, will be sufficient to make the required payments from such trust.

(b) Notwithstanding subsection (a) above, if the Borrower deposits funds with the Trustee sufficient to effectuate an optional redemption of the Bonds pursuant to Section 4.01(a) one Business Day prior to the date on which the Bonds are to be redeemed, and all other fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then:

(i) The Trustee shall hold such funds in trust for the benefit of Bondholders,

(ii) The conditions set forth in clauses (ii) - (iv) in subsection (a) above shall not apply, and

(iii) The Trustee shall release on such day any liens created by this Indenture and any collateral held in the Trust Estate for the benefit of Bondholders (other than such deposited funds) including, but not limited to, the Deed of Trust, pursuant to the provisions of Section 10.01.

(c) Cash and/or Government Obligations or Special Defeasance Obligations deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Bondholders to be paid from such fund. Such cash and the principal and interest payable on such Government Obligations or Special Defeasance Obligations shall be applied by the Trustee first to the payment of Bond principal, premium, if any, and interest on the Bonds and any other amounts due under this Indenture; any amounts not needed for such purpose shall be remitted to the Borrower.

(d) The obligations hereunder relating to paying agent, registrar and transfer agent functions and the provisions of Section 5.06 and Article VIII shall survive defeasance.

Section 10.03. Special Defeasance. The provisions of Section 10.02(a)(iii) and (iv) above shall not apply to any defeasance when:

(a) Ten (10) Business Days prior to the date set for redemption of all the Bonds, the Borrower gives Written Notice to the City, the Trustee and the Bondholder Representative of its intention to prepay the Note and redeem of the Bonds on a date ten (10) Business Days after the filing of such Written Notice;

(b) The Borrower deposits with the Trustee on the date seven (7) Business Days prior to the date fixed for redemption sufficient funds, to which may be invested only in Special Defeasance Obligations, in an amount sufficient, without need for reinvestment, to pay the Redemption Price of the Bonds and all other amounts due and owing under this Indenture on the date fixed for redemption; and

(c) At the time the Borrower deposits the funds described in subparagraph (ii) above, the Borrower instructs the Trustee to give irrevocable notice of redemption of the Bonds on the Redemption Date.

Section 10.04. Payment of Bonds after Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any paying agent in trust for the payment of the Bond Obligations with regard to any Bonds remaining unclaimed for two (2) years after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the City, and the holders of such Bonds shall thereafter be entitled to look only to the City for payment thereof, and only to the extent of the amount so paid to the City, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease. In the event of the payment of any such moneys to the City as aforesaid, the holders of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the City for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so paid to the City (without interest thereon).

Section 10.05. Final Balances. Notwithstanding the person or persons that are the Registered Holders of the Bonds, any moneys remaining in any fund or account created under this Indenture after payment or provision for payment in full of all Bond Obligations, all fees, charges and expenses of the City, the Trustee, the Credit Facility Provider, the Swap Counterparty, the Rebate Analyst, the Servicer, the Bondholder Representative and the Bond Purchaser the payment of all parties to whom moneys are owed pursuant to Section 5.01(c) and all other amounts required to be paid hereunder or under the Bond Documents, and after payment of any other amounts due under any Servicing Agreement relating to the Loan, shall be paid to the Borrower.

ARTICLE XI

OPTIONAL AND MANDATORY TENDERS

Section 11.01. Optional Tenders.

(a) While the Bonds bear interest at the Daily Interest Rate or Weekly Interest Rate, on each Interest Rate Adjustment Date, each Holder of Bonds shall have the option to tender for purchase at 100% of the principal amount thereof plus accrued interest, if any, all of the Bonds owned by such Holder, or such lesser principal amount thereof (in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof, provided that the untendered portion of any Bond shall be \$100,000 or more in principal amount) as such Holder may specify in accordance with the terms, conditions and limitations set forth below. The purchase price for each such Bond, or portion thereof, shall be payable in lawful money of the United States of America by check or draft, shall equal the principal amount, or such portion thereof, to be purchased and accrued interest, if any, and shall be paid in full on the applicable Bond Purchase Date by check or wire transfer at the direction of the Holder but only upon delivery and surrender of such Bond to the Trustee.

(b) To exercise the option granted in Section 11.01(a), the Holder shall (i) no later than seven (7) calendar days (or the next preceding Business Day if such seventh day is not a Business Day) prior to the Bond Purchase Date in the case of Bonds in the Weekly Interest Rate Mode and no later than 8:00 a.m., New York, New York time, on the Bond Purchase Date in the case of Bonds in the Daily Interest Rate Mode, give notice to the Trustee by telecopy or in writing, with a copy to the Remarketing Agent, which states (A) the name and address of the Holder, (B) the principal amount, CUSIP number and Bond numbers of the Bonds to be purchased, (C) that such Bonds are to be purchased on the related Bond Purchase Date pursuant to the terms hereof, and (D) that such notice is irrevocable; and (ii) deliver to the Office of the Trustee the Bonds to be purchased in proper form, or in the case of a Beneficial Owner, no later than 10:00 a.m. New York, New York time on the Bond Purchase Date, cause the transfer of the Beneficial Owner's interest on the records of the Depository, in accordance with the instructions of the Trustee. Upon receipt, the Trustee shall immediately forward such notice to the Remarketing Agent.

(c) Any Bonds for which a notice of tender has been given by the Holder shall be deemed to be tendered for remarketing notwithstanding any failure of delivery of such Bonds to the Trustee. Subject to the right of such non-delivering Holders to receive the Purchase Price of such Bonds and interest accrued thereon to the day preceding the applicable Bond Purchase Date, such Bonds shall be null and void and the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Bonds or the pledge of such Bonds to the Credit Facility Provider in lieu of remarketing such Bonds as described in Section 11.05. Any Beneficial Owners who have elected to tender their Beneficial Ownership interests pursuant to Section 11.01(b) shall be obligated to transfer such Beneficial Ownership interests on the record of the Securities Depository.

(d) Upon the giving of the notice pursuant to Section 11.01(a) with respect to Bonds or portions of Bonds, the Holder's tender of such Bonds or portions thereof shall be irrevocable.

If less than all of a Bond so delivered or deemed tendered is to be purchased, the Trustee shall, pursuant to this Indenture, authenticate one or more Bonds in exchange therefor, registered in the name of such Holder, having the aggregate principal amount being retained by such Holder, and shall deliver such authenticated Bond or Bonds to such Holder.

(e) While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the Owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Bond Purchase Date is to be paid from the Bond Fund as if such Bonds had not been tendered for purchase.

(f) Notwithstanding anything herein to the contrary, any Bond or portion thereof tendered under this Section 11.01 will not be purchased if such Bond or portion thereof matures or is redeemed on or prior to the applicable Bond Purchase Date.

Section 11.02. Mandatory Tenders.

(a) Holders of Bonds shall be required to tender their Bonds to the Trustee on any Mandatory Tender Date. Any Bond required to be tendered on a Mandatory Tender Date that is not tendered as of such date shall be deemed to have been tendered to the Trustee on such date and shall thereafter cease to bear interest and no longer be considered to be Outstanding hereunder subject to the right of the Holders of such Bonds to receive the Purchase Price of such Bonds and interest accrued thereon to the Bond Purchase Date.

(b) At least 25 days prior to any Mandatory Tender Date, the Trustee shall notify the Remarketing Agent and the Holders of all Outstanding Bonds by first-class mail of the Mandatory Tender Date and advise the Holders that all Bonds shall be subject to mandatory tender on such Mandatory Tender Date from the sources available pursuant to Section 11.03, at a Purchase Price equal to the principal amount thereof plus accrued interest, if any.

Section 11.03. Remarketing of Bonds.

(a) Upon the receipt by the Remarketing Agent of any notice from the Trustee that any Bondholder (or Participant or Indirect Participant or any Beneficial Owner making an election pursuant to Section 11.01(b) with respect to any Bonds in "book entry only" form) has delivered a notice pursuant to Section 11.01(b), or upon receipt of any notice from the Trustee of Bonds deemed to have been tendered in accordance with the provisions of Section 11.02, the Remarketing Agent shall offer for sale and use its best efforts to market the Bonds referred to in such notice from a Bondholder or such notice from the Trustee at a price of par plus accrued interest to the Bond Purchase Date, in accordance with the Remarketing Agreement; provided, however, that the Remarketing Agent shall not knowingly offer for sale or sell such Bonds to the City, the Borrower or any Borrower Controlling Entity, member or any guarantor of the Borrower. The Remarketing Agent has no obligation to remarket Bonds registered in the name of the Borrower, the Credit Facility Provider or any Borrower Controlling Entity, member or guarantor of the Borrower unless the Credit Facility shall be in full force and effect after such remarketing.

(b) No Bond or portion thereof tendered pursuant to Section 11.01 or Section 11.02 shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest, if any. The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 11.01 or Section 11.02 at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

(c) By 4:00 p.m., New York, New York time on the Business Day immediately prior to each Bond Purchase Date (other than in the case of the exercise of an optional tender right when the Bonds are in Daily Interest Rate Mode) or by 10:00 a.m., New York, New York time on the Bond Purchase Date (in the case of the exercise of an optional tender right when the Bonds are in Daily Interest Rate Mode), the Remarketing Agent shall give telephonic notice, promptly confirmed in writing and transmitted by facsimile, to the Trustee, the Borrower and the Credit Facility Provider stating the principal amount of Bonds that have been remarketed successfully, specifying the names, addresses, and taxpayer identification numbers of the purchasers of, and the principal amount and denominations of, such Bonds, if any, for which it has found purchasers as of such date, and the Purchase Price at which the Bonds are to be sold (which shall be par plus accrued interest to the Bond Purchase Date).

(d) The Remarketing Agent shall deliver to the Trustee, no later than 10:30 a.m., New York, New York time, on the Bond Purchase Date, in immediately available funds, the remarketing proceeds to the extent the Bonds have been successfully remarketed. Upon receipt by the Trustee of such amount from the Remarketing Agent, the Trustee, shall transfer the registered ownership of the Bonds to the respective new purchasers and deliver such Bonds to such purchasers upon deposit of the Purchase Price with the Trustee. The Trustee shall hold all Bonds delivered to it in trust for the benefit of the respective Bondholders which shall have so delivered such Bonds until money representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Bondholders. The Trustee shall remit the Purchase Price of such Bonds to the tendering Bondholder or Bondholders entitled to the same as provided in Sections 11.01 or 11.02. In the event that the Remarketing Agent or any purchaser that shall have been identified by the Remarketing Agent to the Trustee shall fail to pay the Purchase Price for any Bonds prior to 10:30 a.m., New York, New York time, on the Bond Purchase Date, the Trustee shall not be obligated to accept such amount after such time. The Trustee will immediately notify by telephone, the Credit Facility Provider, the Borrower and the Remarketing Agent of any such failure to receive the Purchase Price for such Bonds. On the Bond Purchase Date, the Trustee shall notify by telephone, the Credit Facility Provider, the Borrower and the Remarketing Agent of the amount of funds held by the Trustee as of 10:30 a.m., New York, New York time, on such date constituting the Purchase Price of the Bonds remarketed by the Remarketing Agent, promptly confirmed in writing and transmitted by facsimile. The Trustee shall hold all money delivered to it for the purchase of Bonds (including any remarketing proceeds, proceeds from the Borrower pursuant to Section 11.04(b)(ii) hereof or proceeds of draws on the Credit Facility) in trust in a non-commingled account to be known as the "Bond Purchase Fund" for the benefit of the person or entity which shall have so delivered such money until the Bonds purchased with such money shall have been delivered to or for the account of such person. Such money shall be held uninvited except as directed in writing by the Credit Facility Provider and then only in Investment Securities of the type

described in clauses (a) and (b) of the definition thereof. The City and the Borrower shall not have any right, title or interest in such money.

(e) If all of the Bonds shall have been called for redemption during any period when the Bonds bear interest at the Daily Interest Rate or Weekly Interest Rate, the Bonds may continue to be remarketed until the redemption date, provided the purchasers of such Bonds are given notice of the call for redemption prior to purchase of any Bonds.

(f) Anything herein to the contrary notwithstanding, no Bonds shall be purchased or remarketed pursuant to this Section if an Event of Default hereunder shall have occurred and be continuing and would not be cured as a result of such tender and remarketing of the Bonds or following a declaration of acceleration of the Bonds; nor shall any Bond be purchased pursuant to this Section if such Bond is registered in the name of the City, the Borrower or the Credit Facility Provider, or known by the Trustee (the Trustee shall have no duty to inquire as to any such nominees) to be registered in the name of any Borrower Controlling Entity, member or guarantor of the Borrower or any nominee of the City, the Borrower, the Credit Facility Provider, or any such Borrower Controlling Entity, member or guarantor of the Borrower unless the Credit Facility will be in full force and effect after such purchase with respect to such Bonds after such purchase, nor shall any Bond be purchased if, following a failed remarketing pursuant to the provisions of this Section, the Trustee does not have sufficient proceeds to pay the Purchase Price to tendering Holders of the Bonds, taking into account draws from any incoming or outgoing Credit Facility and Eligible Funds received from the Borrower pursuant to Section 11.04(b). In the event of such failed remarketing, the Bonds shall remain Outstanding in the Interest Rate Mode in effect immediately preceding the related Mandatory Tender Date.

Section 11.04. Trustee to Pay Purchase Price.

(a) In the event that either the Trustee shall not have received notice of successful remarketing of tendered Bonds by the day that is one (1) Business Day prior to the Bond Purchase Date (other than in the case of the exercise of an optional tender when the Bonds are in the Daily Interest Rate Mode) or by 10:00 a.m. New York, New York time on the Bond Purchase Date (in the case of the exercise of an optional tender when the Bonds are in the Daily Interest Rate Mode), or the proceeds of remarketing of any tendered Bond have not been received by the Trustee on or prior to 10:30 a.m., New York, New York time on the Bond Purchase Date, the Trustee shall, within the time required by the terms of the Credit Facility, draw on the then existing Credit Facility in an amount sufficient to enable the Trustee to pay the Purchase Price of each such Bond when due.

(b) On each Bond Purchase Date, the Borrower shall pay or cause to be paid to the Trustee the Purchase Price of any Bonds tendered pursuant to, and in accordance with, Section 11.01 or Section 11.02 and which have not been remarketed pursuant to this Section 11.04, but only from (i) money obtained by the Trustee pursuant to the Credit Facility then in effect to enable the Trustee to pay the Purchase Price of such tendered Bonds, which amounts shall be received by the Trustee at or before 12:00 p.m., New York, New York time, on the Bond Purchase Date; and (ii) Eligible Funds from the Borrower to the extent that money obtained pursuant to (i) above are insufficient on any date to pay the Purchase Price of tendered Bonds.

(c) Upon receipt of such Purchase Price and upon receipt of the Bonds tendered for purchase pursuant to Section 11.01 or Section 11.02, the Trustee shall pay such Purchase Price to the Registered Holders thereof; provided, that if the Purchase Price was theretofore paid from the proceeds of a draw on the Credit Facility, the Trustee shall pay such amount to the Credit Facility Provider. Any amounts drawn under the Credit Facility to purchase Bonds shall be used solely for such purpose. Any Bonds so purchased with amounts drawn under the Credit Facility by the Trustee shall be purchased for the account of the Borrower and registered as provided in the Reimbursement Agreement. Amounts drawn under the Credit Facility that are not used to purchase Bonds pursuant to this Section 11.04 shall be remitted by the Tender Agent or the Trustee to the Credit Facility Provider promptly upon payment of the Purchase Price of the Bonds.

(d) Except with respect to any Bonds purchased in lieu of redemption or acceleration pursuant to the provisions hereof, the City, the Borrower or any Borrower Controlling Entity, member or any guarantor of the Borrower may not purchase any Bonds, from the Remarketing Agent or otherwise.

Section 11.05. Delivery of Purchased Bonds and Remarketing of Pledged Bonds.

Bonds purchased by the Trustee on a Bond Purchase Date shall be delivered as follows:

(a) Bonds sold by the Remarketing Agent pursuant to Section 11.03 shall be delivered to the purchasers thereof. The Remarketing Agent and the Trustee shall take such actions as may be necessary to reflect the transfer of any beneficial ownership interests to the purchasers thereof in the Book-Entry System maintained by the Securities Depository.

(b) Bonds not sold by the Remarketing Agent pursuant to Section 11.03 shall be held as Pledged Bonds by the Trustee, as agent for the Credit Facility Provider or the Borrower, as the case may be, subject to any instructions from the Credit Facility Provider or the Borrower to deliver the Pledged Bonds to the Credit Facility Provider or the Borrower and to the pledge in favor of the Credit Facility Provider or the Borrower created pursuant to the provisions of the Reimbursement Agreement. Any Pledged Bonds held by the Trustee shall not be released or transferred except to the Credit Facility Provider, the Borrower or to the Remarketing Agent at the written direction of the Credit Facility Provider or the Borrower as provided in the last paragraph of this Section. Bonds not sold by the Remarketing Agent shall be deemed purchased by the Credit Facility Provider upon application of the proceeds of a draw on the Credit Facility to pay the Purchase Price thereof or by the Borrower upon receipt and application of Eligible Funds from the Borrower pursuant to Section 11.04(b)(ii) to pay the Purchase Price thereof.

(c) The Remarketing Agent shall use its best efforts to remarket Pledged Bonds. Upon the remarketing of the Pledged Bonds, the Remarketing Agent shall notify the Credit Facility Provider, the Trustee and the Borrower of such remarketing, the name, address and social security or other tax identification number of the purchaser, and the date (the "Pledged Bonds Remarketing Date") that the purchaser shall deliver

the Purchase Price to the Trustee by 11:00 a.m., New York, New York time. The Pledged Bonds Remarketing Date shall be at least two Business Days after the date the notice of the purchase is given by the Remarketing Agent.

(d) No later than 11:00 a.m., New York, New York time, on each Pledged Bonds Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Pledged Bonds on such Pledged Bonds Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Pledged Bonds to pay the Purchase Price plus accrued interest, if any, to the Trustee in immediately available funds. The proceeds from the remarketing of the Pledged Bonds shall be segregated from any funds of the Borrower or the City and shall in no case be considered to be or be assets of the Borrower or the City. The Trustee shall deposit such funds in the Bond Purchase Fund and shall pay the Credit Facility Provider such funds by wire transfer on the Pledged Bonds Remarketing Date. The Credit Facility Provider shall deliver any Pledged Bonds held by the Credit Facility Provider (or evidence of book entry interests in such Pledged Bonds) which have been so remarketed to the Trustee against payment on the Pledged Bonds Remarketing Date. With respect to any Pledged Bonds not so held by the Credit Facility Provider, the Credit Facility Provider shall direct the Trustee to release such Pledged Bonds which have been so remarketed to the Remarketing Agent against payment therefor on the Pledged Bonds Remarketing Date. Notwithstanding the foregoing, no Pledged Bonds shall be released until the Trustee shall have received evidence that the Credit Facility Provider has reinstated amounts available to be drawn on the Credit Facility to an amount not less than 100% of the outstanding principal of, plus 35 days' interest (or such larger days' interest if the Rating Agency of the Bonds so requires) on the Bonds computed at the Maximum Rate. On the Pledged Bonds Remarketing Date, the Trustee shall authenticate and deliver, if applicable, new Bonds in replacement of the remarketed Pledged Bonds to the purchasers thereof.

(e) The Pledged Bonds are pledged to the Credit Facility Provider or the Borrower, as applicable, and are secured by the Trust Estate.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Successors of City. All the covenants, stipulations, promises and agreements contained in this Indenture, by or on behalf of the City, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the City shall hereafter be transferred by any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the City, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the City as in this Indenture provided.

Section 12.02. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the City, the Trustee, the Borrower, the Bondholder Representative and the Bondowners any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Trustee, the Borrower, the Bondholder Representative and the Bondowners. The Bondowner is an intended third-party beneficiary of this Indenture.

Section 12.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.04. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the City of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds and deliver a certificate of such destruction to the City.

Section 12.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 12.06. Notices. (a) It shall be sufficient service of any notice, request, demand or other paper on the City, the Trustee, the Tender Agent, the Bondholder Representative or the Borrower if the same shall, except as otherwise provided herein, be duly mailed by first class mail, postage prepaid, or given by telephone or telecopier and confirmed by such mail, and to the other parties and addressed as follows:

The City:

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place
Room 316
San Francisco, California 94102
Attention: City Controller
Fax: (415) 554-7466

with copies to (none of which
copies shall constitute notice to
the City):

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place
Room 140
San Francisco, California 94102
Attention: City Treasurer
Fax: (415) 554-4672

City and County of San Francisco
Mayor's Office of Housing and Community
Development
One South Van Ness, 5th Floor
San Francisco, California 94103
Attention: Director
Fax: (415) 701-5501

Office of the City Attorney
City Hall, 1 Dr. Carlton B. Goodlett Place
Room 234
San Francisco, California 94102
Attention: Finance Team
Fax: (415) 554-4755

City and County of San Francisco
Office of Public Finance
City Hall, 1 Dr. Carlton B. Goodlett Place
Room 336
San Francisco, California 94102
Attention: Finance Team
Fax: (415) 554-4864

The Trustee or the Tender Agent:

U.S. Bank National Association
1 California Street, Suite 1000
Mail Code - SF-CA-SFCT
San Francisco, California 94111
Attention: Andrew Fung, Vice President
Fax: (415) 677-3769

If to the Borrower: 1500 Mission Urban Housing, LP
c/o The Related Companies, L.P.
60 Columbus Circle
New York, NY 10023
Attention: Brian Cho
Fax: [_____]

and to: 1500 Mission Urban Housing, LP
c/o Related California Residential
44 Montgomery Street, Suite 1300
San Francisco, CA 94104
Attention: Geno Canori
Fax: [_____]

and with a copy to (which shall not constitute notice to the Borrower): The Related Companies, L.P.
60 Columbus Circle
New York, NY 10023
Attention: Jennifer McCool, Chief Legal Officer
Fax: [_____]

Levitt & Boccio, LLP
423 West 55th Street, 8th Floor
New York, NY 10019
Attention: David S. Boccio, Esq.
Fax: (212) 801-3762

If to the Bondholder Representative: Deutsche Bank Securities, Inc.,
60 Wall Street, 3rd Floor
New York, New York 10005
Attention: Municipal Capital Markets
Fax: (212) 449-4856

and with a copy to: Kutak Rock, LLP
Two Liberty Place, Suite 28B
50 South 16th Street
Philadelphia, PA 19102
Attention: Andrew Schmutz
Fax: [_____]

The City, the Trustee, the Tender Agent, the Bondholder Representative, the Borrowers and the Investor Limited Partner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Copies of all notices provided to Borrower under the Loan Documents shall also be provided to the Investor Limited Partner, if such Investor Limited Partner has provided the

party giving such notice the address, name, title and fax number of the contact person to receive such notice.

(b) Where this Indenture provides for giving of notice to the Trustee, such notice shall also be given to the Bondholder Representative and the Servicer. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided, shall not be treated as a failure to give the primary notice or affect the validity thereof or the effectiveness of any action taken pursuant thereto. Any notice required by this Indenture to be delivered by the City shall be delivered by it to the Trustee, which shall be responsible for delivering it to the other parties entitled to receive such notice. If such notice is timely provided by the City to the Trustee, it shall be deemed to be timely given to all parties entitled to receive such notice.

Section 12.07. Authorized Representatives. Whenever under the provisions of this Indenture the approval of the City or the Borrower is required for any action, and whenever the City or the Borrower are required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the City by the Authorized City Representative or on behalf of the Borrower by the Authorized Borrower Representative, and the City, the Trustee and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

Section 12.08. Evidence of Rights of Bondholders. (a) Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of any Bonds, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the City if made in the manner provided in this Section 12.08.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(c) The ownership of the Bonds shall be proved by the Bond Register maintained pursuant to Section 2.06 hereof. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(d) Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in

respect of anything done or suffered to be done by the Trustee or the City in pursuance of such request, consent or vote.

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the City or by any other direct or indirect obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other direct or indirect obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee, as applicable, knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this subsection (d) if the pledgee shall establish to the satisfaction of the Trustee and the City the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City or any other direct or indirect obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Solely for purposes of the limitation expressed in this paragraph (d), the Borrower shall be deemed to be an indirect obligor on the Bonds.

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bondholders upon such notice and in accordance with such rules and regulations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 12.09. Waiver of Personal Liability. No officer, official, agent, member of the Board of Supervisors or employee of the City, and no officer, official, agent or employee of the State of California or any department, board or agency of any of the foregoing, shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such person from the performance of any official duty provided by law or by this Indenture.

Section 12.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 12.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

Section 12.12. Governing Law, Venue. The formation, interpretation and performance of this Indenture shall be governed by the laws of the State of California. Venue for all litigation arising from or in connection with the Bonds or this Indenture shall be in San Francisco, California.

Section 12.13. Successors. Whenever in this Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 12.14. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

Section 12.15. Assignment or Delegation by Trustee. The services to be performed by Trustee are personal in character and neither this Indenture nor any duties or obligations of the Trustee hereunder may be assigned or delegated by the Trustee unless first approved by City by written instrument executed and approved in the same manner as this Indenture.

Section 12.16. Bondholder Representative; Trustee's, Credit Facility Provider's and Servicer's Consents. (a) The entity designated in the definition of "Bondholder Representative" hereto shall be the initial Bondholder Representative. The Bondholder Representative may provide written notice to the Trustee designating particular individuals authorized to act as its representative in certain capacities, or to execute any consent, waiver, approval, direction or other instrument on behalf of the Bondholder Representative, provided that such designation is in writing, and any notice to the Trustee of such designation may be amended or rescinded by the Bondholder Representative at any time, provided that any such amendment or rescission shall be in writing. The Bondholder Representative may be removed and a successor appointed by a Written Notice given by the Holders of a Majority Share to the Trustee and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Trustee. The Holders of a Majority Share may appoint any Person to act as Bondholder Representative, including, without limitation, the Servicer. If, for any reason, no Bondholder Representative shall then be appointed, all references to Bondholder Representative herein and in the other Bond Documents shall be deemed to refer to the Holders of a Majority Share.

(b) In the event that for any reason, no Credit Facility Provider shall then exist, all references to Credit Facility Provider herein shall be treated as if null and void and of no effect.

(c) Whenever pursuant to this Indenture or any other Bond Document, the Bondholder Representative or the Credit Facility Provider, if any, exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Bondholder Representative or the Credit Facility Provider, if any, the decision of the Bondholder Representative or the Credit Facility Provider, if any, to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise

specifically herein or therein provided) be in the sole discretion of the Bondholder Representative or the Credit Facility Provider and shall be final and conclusive.

Whenever this Indenture or any Bond Document requires the consent, determination, election, approval, waiver, acceptance, satisfaction or expression of opinion of, or the taking of any discretionary act by, the Trustee (as expressly provided or as assignee of the City) or the Servicer (all of the foregoing being referred to as "Consent" in this Section 12.16), (i) the right, power, privilege and option of the Trustee to withhold or grant its Consent shall be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent, and the Trustee shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture, (ii) the right, power, privilege and options of the Servicer to withhold or grant its Consent may, in the Bondholder Representative's discretion with respect to any individual Consent, be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent and, in such event, the Servicer shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture, and (iii) the right, power, privilege and options of the Trustee, Bondholder Representative and the Servicer to withhold or grant their Consent may, in the Credit Facility Provider's (if any) discretion with respect to any individual Consent, be deemed to be the right, power, privilege and option of the Credit Facility Provider (if any) to withhold or grant such Consent and, in such event, the Trustee, the Servicer, and the Bondholder Representative shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture. The Trustee and the Servicer shall not grant or withhold any Consent until it has obtained the consent of the Bondholder Representative or the Credit Facility Provider, if applicable, and the Trustee and the Servicer shall grant or withhold any Consent as so directed by the Bondholder Representative.

(d) The Bondholder Representative and the Credit Facility Provider, if any, are third party beneficiaries hereof, and accordingly will be entitled to rely on the rights granted to them herein. No implied covenants, fiduciary duties or other Liabilities shall attach to the Bondholder Representative.

Section 12.17. Preservation and Inspection of Documents; Electronic Transactions. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession so long as there are any Bonds Outstanding and for six years thereafter and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the City, any other Trustee, the Bondholder Representative and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

The transactions described in this Indenture may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

ARTICLE XIII

SUBORDINATE BONDS

Section 13.01. Conversion Between Senior and Subordinate Bonds.

(a) Senior Bonds shall be converted to Subordinate Bonds and Subordinate Bonds shall be converted to Senior Bonds to the extent Senior Bonds are purchased in lieu of redemption pursuant to Section 4.05 and upon the election of the Bondholder Representative in its sole discretion transmitted in writing in the form attached as EXHIBIT F to the Trustee.

(b) In connection with such conversion, the Registered Holder of the Senior Bonds shall transmit the definitive Senior Bonds or Subordinate Bonds, as applicable, to the Trustee which shall then cancel such Senior Bonds or Subordinate Bonds, as applicable, and authenticate Senior Bonds or Subordinate Bonds, as applicable, in the amounts stipulated in Written Direction provided to the Trustee by the Bondholder Representative in the form attached as EXHIBIT F.

(c) Subordinate Bonds shall be subject and subordinate in all respects to the Bonds (other than Subordinate Bonds) and the Loan (including payments, if any, under the Note in respect of Bonds other than Subordinate Bonds) and to all terms, covenants, conditions and liens of the Bond Documents affecting the Bonds (other than Subordinate Bonds) and/or the Loan and the Loan Agreement. Payment of the indebtedness evidenced by the Subordinate Bonds is and shall be subject and subordinate in all respects, including in respect of the right to payment, to the prior payment in full of all amounts due and payable in respect of the (i) Bonds (other than Subordinate Bonds), and (ii) the Loan (including payments under the Note in respect of Bonds other than Subordinate Bonds). The owners of Subordinate Bonds expressly subject and subordinate all of their right, title and interest in and to the Subordinate Bonds in all respects to (1) the Trust Estate, (2) the payment in full of the Bonds other than Subordinate Bonds, (3) the payment in full of the Loan, and (4) the liens of the Deed of Trust and of the Trust Estate. In addition, notwithstanding anything contained in this Indenture, the Loan Agreement, the Note or the Deed of Trust to the contrary, the City and the Holders of the Subordinate Bonds agree, and the Trustee acknowledges, that:

(i) The sole source of funds available to the City for the payment of the principal of, premium, if any, and interest on, the Subordinate Bonds shall be the payments, if any, made by the Borrower under the Note in respect of the Subordinate Bonds, which payments, if any, may be made only out of, and to the extent of, excess cash flow (as defined in Section 13.01(f));

(ii) Payments, if any, of the principal of, and interest on, the Note in respect of Subordinate Bonds may be made only after all current and past due obligations (A) in respect of the Bonds (other than Subordinate Bonds) and the Loan (including payments under the Note in respect of Bonds other than Subordinate Bonds), (B) under the Loan Agreement, and (C) under the Swap Agreement, have been paid in full;

(iii) The obligation of the Borrower to make payments, if any, on the Note in respect of Subordinate Bonds is and shall be subject and subordinate in all respects to the obligations of the Borrower to pay all amounts due (A) in respect of the Bonds (other than Subordinate Bonds) and the Loan (including payments under the Note in respect of Bonds other than Subordinate Bonds), whether under the Bond Documents or otherwise, (B) under the Loan Agreement, and (C) under the Swap Agreement;

(iv) So long as any amounts remain currently due and owing (A) in respect of the Bonds (other than Subordinate Bonds) and the Loan, whether under the Bond Documents or otherwise, (B) under the Loan Agreement, or (C) under the Swap Agreement (as confirmed in the latter case by the Servicer), the Trustee shall not be entitled to make any payment in respect of Subordinate Bonds, notwithstanding a default or any arrearage in the payment of any amounts owing under or with respect to any Subordinate Bonds; and

(v) Unpaid interest on Subordinate Bonds stemming from insufficient Excess Cash Flow shall not accrue, and shall be deemed canceled.

Failure to make any payment in respect of Subordinate Bonds shall not constitute an Event of Default. The occurrence of any default with respect to the Bonds (other than Subordinate Bonds) or the Loan or under this Indenture or the Loan Agreement with respect to the Bonds (other than Subordinate Bonds) or to the Loan shall constitute a default under this Indenture or the Loan Agreement with respect to all Subordinate Bonds.

(d) The Trustee shall not, after the Trustee receives a Default Notice (as defined in Section 13.01(f)) or otherwise acquires knowledge of a default or an Event of Default by the Borrower with respect to the Bonds (other than Subordinate Bonds), the Loan or under any Bond Document, make any payments in respect of Subordinate Bonds unless and until such default or Event of Default has been cured or waived by the Bondholder Representative and the other Bondholders (other than the Holders of Subordinate Bonds). Upon the occurrence of any Event of Default attributable to any default or Event of Default (under and as defined in any Bond Document), all Subordinate Bonds shall, at the Written Direction of the Trustee, be cancelled and deemed satisfied for all purposes.

(e) Bonds purchased in lieu of redemption pursuant to Section 6.9 which become Subordinate Bonds registered in the name of the Borrower or its designee shall, if they remain registered in the name of the Borrower or its designee, be cancelled by the Trustee in accordance with the provisions of Section 2.09 on the fifth (5th) anniversary date of the registration of such Bonds in the name of the Borrower or its designee.

(f) For purposes of this Section 13.01, the following terms shall have the meanings set forth below:

“Excess Cash Flow” means, for any period, the excess of the gross revenues generated by the Deed of Trust Property from all sources for such period, excluding, however, the proceeds of casualty insurance (other than rent loss insurance), condemnation proceeds, capital contributions, loans or advances, rental income prepaid

more than one month in advance and other unusual or extraordinary cash items the use and application of which is restricted or encumbered by the Loan Documents or the Swap Agreement over the sum of: (i) all debt service, including interest expense and the amortization of all principal coming due in respect of the Loan and the Bonds (other than Subordinate Bonds) during such period (whether by maturity, mandatory sinking fund payment, redemption, acceleration or otherwise), and all debt service on subordinate debt encumbering the Deed of Trust Property and permitted by the Bondholder Representative, provided that such subordinate debt is not payable solely out of excess available cash flow, (ii) all payments coming due from the Borrower under the Swap Agreement during such period, (iii) operating, overhead, ownership and other expenditures (whether ordinary, capital or extraordinary expenditures (other than those paid from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), including, but not limited to, all direct and indirect costs, charges and expenses of owning, operating, maintaining and repairing the Deed of Trust Property, further including, without limitation, insurance, taxes, assessments and other public charges and all expenditures (capital or otherwise) required for the proper maintenance of the Deed of Trust Property in accordance with the Loan Documents (exclusive, at the option of the Borrower, of (A) payments made to affiliates in excess of market norms, (B) developer fees (however characterized) and (C) property management fees in excess of 4% of gross rent), (iv) all other obligations under the Loan Documents, including, but not limited to, the payment of all fees, costs and expenses and other expenditures (whether for capital expenditures, repairs or replacements (other than those paid from the proceeds of insurance or out of escrows or reserves to the extent not required to be replenished)), and the funding of any reserves or escrows required under the Loan Documents (including, but not limited to, replacement reserves, reserves for taxes, insurance, water and sewer charges and other similar impositions), operating reserves and interest rate hedge reserves, (v) all other obligations of the Borrower under the Swap Agreement (including, without limitation payments due upon early termination of the Swap Agreement) and the Bond Documents (other than in respect of the Subordinate Bonds), and (vi) all other amounts that the Borrower is required to pay or set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

“Default Notice” means a written notice from the Servicer or the Trustee to the Borrower stating that a Default or Event of Default by the Borrower has occurred with respect to the Bonds (other than Subordinate Bonds), the Loan or under any Bond Document.

IN WITNESS WHEREOF, the CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA has caused this Indenture to be signed in its name and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the duties of the Trustee hereunder has caused this Indenture to be signed in its name, all as of the day and year first above written.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Kate Hartley,
*Acting Director, Mayor's Office of Housing and
Community Development*

Approved as to form:

DENNIS J. HERRERA
City Attorney

By: _____
Kenneth D. Roux,
Deputy City Attorney

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

[Signature Page to Indenture of Trust - 1500 Mission Street Apartments]

EXHIBIT A
FORM OF BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS BOND MAY BE OWNED ONLY BY A QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE TERMS OF THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE INDENTURE TO BE AN OWNER OF BONDS AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE TERMS OF THE INDENTURE.

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
MULTIFAMILY HOUSING REVENUE BOND, SERIES 2017E
(1500 MISSION STREET APARTMENTS)

No. R-1 \$ _____

Dated Date	Maturity Date	CUSIP No.
[____], 2017	[____] 1, 2052	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation and chartered city and county of the State of California, duly organized and existing under its charter and the laws of the State of California (herein called the "City"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined in the Indenture defined below), payable on each Bond Payment Date, commencing [February] 1, 2018, to the person whose name appears on the registration books as of the Record Date and to pay any other amounts as specified in the Indenture; provided however, that if the Bond Payment Date is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on originally scheduled payment date. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts,

at the designated payment office of U.S. Bank National Association (the “Trustee” and “Bond Registrar”), or its successor.

This is a draw-down Bond. The principal amount of this Bond as of any given date shall be equal to (i) the total amount of principal advanced by the applicable Bond Purchaser, less (ii) any payment of principal on the Bonds received by the Holders thereof. Principal amounts advanced by the applicable Bond Purchaser shall be noted on the principal draw-down schedule attached to this Bond and acknowledged thereon by the Trustee.

Interest on this Bond shall be calculated on the basis of a 360 day year comprised of twelve 30 day months, or a year of 365 or 366 days, as applicable, for the actual number of days elapsed, as provided in the Indenture. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or such other date as described in the Indenture) to, but not including, the Bond Payment Date on which interest is being paid. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

This Bond is one of a duly authorized issue of bonds of the City designated as “City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2017E (1500 Mission Street Apartments)” (the “Bonds”), in the aggregate principal amount of up to \$316,800,000, authorized to be issued pursuant to and in accordance with Section 9.107 of the Charter of the City, Article I of Chapter 43 of the San Francisco Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the “Act”), and issued under and secured by an Indenture of Trust, dated as of November 1, 2017 (the “Indenture”), between the City and U.S. Bank National Association, as trustee (the “Trustee”). Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities the Trustee, and of the rights and obligations of the City thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to 1500 Mission Urban Housing, LP, a Delaware limited partnership (the “Borrower”) pursuant to a Loan Agreement, dated as of November 1, 2017 (the “Loan Agreement”) between the City and the Borrower, and under the terms of a Construction Funding Agreement, dated as of November 1, 2017, among the Borrower, the Trustee, Deutsche Bank Securities, Inc., as Bondholder Representative, and Deutsche Bank Securities, Inc., as Servicer, all in order to finance the construction of a residential rental project in the City.

NONE OF THE CITY, THE MEMBERS OF ITS BOARD OF SUPERVISORS, THE OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE CITY, OR ANY

PERSON EXECUTING THE BONDS IS LIABLE PERSONALLY ON THE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE BONDS ARE LIMITED OBLIGATIONS OF THE CITY, PAYABLE ONLY AS PROVIDED IN THE INDENTURE, AND ARE NOT A GENERAL OBLIGATION, NOR ARE THEY SECURED BY A PLEDGE OF THE FAITH AND CREDIT, OF THE CITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER ARE THEY LIABLE ON THE BONDS, NOR ARE THE BONDS PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE CITY EXPRESSLY PLEDGED FOR THE PAYMENT THEREOF UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, OFFICIAL, DIRECTOR, EMPLOYEE, AGENT, OR MEMBER OF THE BOARD OF SUPERVISORS OF THE CITY, OR OF ANY SUCCESSOR THERETO, AS SUCH, EITHER DIRECTLY OR THROUGH THE CITY OR ANY SUCCESSOR TO THE CITY, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, OFFICIALS, DIRECTORS, EMPLOYEES, AGENTS OR MEMBERS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The Bonds are limited obligations of the City and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Pledged Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement. Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the terms on which the Bonds are issued and secured, the manner in which interest is computed on this Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with

respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By purchase of this Bond, the registered owner hereof authorizes the Bondholder Representative to exercise such rights and remedies afforded to it as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations (including those in Section 2.05(b) of the Indenture) provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The City and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

The schedule of drawings attached as Exhibit A hereto shall be used by the Trustee to record the payment of the purchase price of the Bonds from time to time (such purchase price to be paid from time to time by the owners of the Bonds as provided in the Indenture), which shall evidence the principal amount of the Bonds purchased by the owners of the Bonds from time to time. The Trustee shall credit any advanced funds toward the purchase price of the Bonds on the schedule of drawings attached hereto as Exhibit A. The total amount outstanding under the Bonds may not exceed \$316,800,000 at any time and no portion of the purchase price therefor shall be accepted after the first to occur of (i) the Conversion Date (as defined in the Loan Agreement), or (ii) December 31, 2020.

The Indenture contains provisions permitting the City and the Trustee to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture.

The City hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act).

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

In the event of any conflict between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall control.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the City or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the City and County of San Francisco has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, all as of the Closing Date, and the manual or facsimile seal of the City and County of San Francisco to be impressed or reproduced hereon.

CITY AND COUNTY OF SAN
FRANCISCO

By: _____
Mayor

[SEAL]

ATTEST:

Clerk of the Board of Supervisors

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SCHEDULE OF DRAWINGS

<u>Purchase Amount</u>	<u>Purchase Date</u>	<u>Outstanding Principal</u>	<u>Signature of Trustee</u>
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EXHIBIT B-1

**FORM OF WRITTEN REQUISITION
OF THE BORROWER – CONSTRUCTION FUND**

Draw # _____

To: U.S. Bank National Association, as trustee (the “Trustee”) under that certain Indenture of Trust, dated as of November 1, 2017 (the “Indenture”), between the Trustee and the City and County of San Francisco, California, pursuant to which the City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2017E (1500 Mission Street Apartments) (the “Bonds”) were issued.

1. You are requested to disburse funds from the Construction Fund pursuant to Section 3.03 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the acquisition, construction, development or equipping of the Project, each item is a proper charge against such Account of the Construction Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any Issuance Costs or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 95% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Bonds plus (B) all amounts allocated to the Bonds previously disbursed from the Tax-Exempt Proceeds Account of the Construction Fund, have been or will be applied by the Borrowers to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under this Indenture or under the Loan Agreement or, to our knowledge, an Event of Default under the Indenture; and

(vii) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby among the Bonds and funds provided to the Trustee from the Borrower, if any, and that provides the Trustee with the information required for compliance with Section 3.03(j) of the Indenture and as described in Section 3.4(b) of the Loan Agreement.

[3. The undersigned has provided you with this Requisition an endorsement to the Deed of Trust title insurance policy delivered to the Trustee at closing increasing the affirmative mechanics and materialmen's lien coverage to an amount equal to the aggregate amount paid out of the Construction Fund including the amount to be paid under the requisitions then being submitted, together with any lien waivers or reports with respect to title to the Project required for the issuance of such endorsement.]

Dated: _____

1500 Mission Urban Housing, LP,
a Delaware limited partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Donald S. Falk,
Chief Executive Officer

By: 1500 Holdco LLC,
a Delaware limited liability company,
its Administrative Agent

By: _____
William A Witte
Executive Vice President

1500 Mission Housing Partners, LP,
a California limited partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation,
its Sole Member

By: _____
Donald S. Falk,
Chief Executive Officer

By: 1500 Mission Development Co., LLC,
a Delaware limited liability company,
its Administrative Agent

By: _____
William A. Witte,
Executive Vice President

Approved by:

Deutsche Bank Securities, Inc., as Servicer

By: _____

Name: _____

Title: _____

EXHIBIT B-2

**FORM OF WRITTEN REQUISITION
OF THE BORROWER - COSTS OF ISSUANCE FUND**

To: U.S. Bank National Association, as trustee (the "Trustee") under that certain Indenture of Trust, dated as of November 1, 2017 (the "Indenture"), between the Trustee and the City and County of San Francisco, California.

1. You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 5.05 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under this Indenture or under the Loan Agreement or, to our knowledge, an Event of Default under the Indenture.

Dated:

1500 Mission Urban Housing, LP,
a Delaware limited partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its Sole Member

By: _____
Donald S. Falk,
Chief Executive Officer

By: 1500 Holdco LLC,
a Delaware limited liability company,
its Administrative Agent

By: _____
William A Witte
Executive Vice President

1500 Mission Housing Partners, LP,
a California limited partnership

By: 1500 Mission Housing Partners GP LLC,
a California limited liability company,
its Managing General Partner

By: Turk Street, Inc.,
a California nonprofit public benefit
corporation, its Sole Member

By: _____
Donald S. Falk,
Chief Executive Officer

By: 1500 Mission Development Co., LLC,
a Delaware limited liability company,
its Administrative Agent

By: _____
William A. Witte,
Executive Vice President

EXHIBIT C

FORM OF INVESTOR LETTER

[Date]

City and County of San Francisco
San Francisco, California

U.S. Bank National Association, as Trustee
San Francisco, California

\$316,800,000
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
MULTIFAMILY HOUSING REVENUE BONDS, SERIES 2017E
(1500 MISSION STREET APARTMENTS)

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby represents and warrants to you as follows:

1. The Investor proposes to purchase the above-captioned bonds (the “Bonds”) issued pursuant to that certain Indenture of Trust, dated as of November 1, 2017 (the “Indenture”), by and between the City and County of San Francisco, California (the “City”) and U.S. Bank National Association, as trustee (the “Trustee”). The Investor understands that the Bonds are not rated by any securities rating agency, and will only be sold to the Investor with the above-addressed parties relying upon the representations and warranties of the Investor set forth herein. The Investor acknowledges that no offering document has been prepared in connection with the issuance and sale of the Bonds. The Investor has requested and received all materials which the Investor has deemed relevant in connection with its purchase of the Bonds (the “Offering Information”). The Investor has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture and the Loan Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Indenture.

2. The Investor hereby waives the requirement of any “due diligence investigation or inquiry” by the City, by each official of the City, by each employee of the City, by each member of the Board of Supervisors of the City, and by counsel to the City, the Trustee, counsel to the Trustee and Bond Counsel in connection with the authorization, execution and delivery of the Bonds and Investor’s purchase of the Bonds. The Investor recognizes and agrees that the City, by each official of the City, each employee of the City, each member of the Board of Supervisors of the City, counsel to the City, the Trustee, counsel to the Trustee and Bond Counsel have made no representations or statements (expressed or implied) with respect to the

accuracy or completeness of any of the materials reviewed by the Investor in connection with the Investor's purchase of the Bonds. In making an investment decision, the Investor is relying upon its own examination of the City, the Borrower, the Project and the terms of the offering.

3. The Investor has been provided an opportunity to ask questions of, and the Investor has received answers from, representatives of the City and the Borrower regarding the terms and conditions of the Bonds, and the Investor has obtained all additional information requested by it in connection with the Bonds.

4. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, and is capable of evaluating the merits and risks involved in an investment in the Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

5. The Investor is purchasing the Bonds solely for its own account for investment purposes and has no present intention to resell or distribute the Bonds, provided that the Investor reserves the right to transfer or dispose of the Bonds, at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 6 through 8 of this Letter. The Investor hereby agrees that the Bonds may only be transferred in accordance with the Indenture, including Section 2.05 thereof.

6. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bonds (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the Securities Act of 1933, as amended (the "1933 Act"), (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the transfer restrictions set forth in the Bonds and the Indenture.

7. The Investor is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended ("Rule 144A"), an "accredited investor" as defined in Rule 501 promulgated under the Securities Act of 1933, as amended, or other permitted transferee under Section 2.05 of the Indenture; it understands that the Bonds may be offered, resold or transferred only to a person who is a "qualified institutional buyer," an "accredited investor," or another entity permitted under the Indenture.

8. If the Investor sells the Bonds (or any legal or beneficial interest therein), the Investor or its agent will, to the extent required by the Indenture, obtain for the benefit of each of you from any subsequent purchaser an Investor Letter in the form of this Letter or such other materials as are required by the Bonds and the Indenture to effect such sale and purchase. The Investor understands and agrees that the Trustee is not authorized to register any transfer of the Bonds prior to receipt of such Investor Letter, to the extent required by the Indenture.

9. None of the Trustee, Bond Counsel, counsel to the City, the City, its Board of Supervisors, or any of its employees or agents will have any responsibility to the Investor for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Project, the City, the Borrower or their financial conditions or regarding the Bonds, the provisions for payment thereof, or the sufficiency of any security therefor, including, without limitation, any information specifically provided by any of such parties contained in

the Offering Information. The Investor acknowledges that, as between Investor and all of such parties: (a) the Investor has assumed responsibility for obtaining such information and making such review as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds and (b) the Offering Information and any additional information specifically requested from the City or the Borrower and provided to the Investor prior to closing constitute all the information and review, with the investigation made by Investor (including specifically the Investor's investigation of the City, the Project and the Borrower) prior to its purchase of the Bonds, that Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds.

10. The Investor understands that (a) the Bonds have not been registered with any federal or state securities agency or commission, and (b) no credit rating has been sought or obtained with respect to the Bonds, and the Investor acknowledges that the Bonds are a speculative investment and that there is a high degree of risk in such investment.

11. The Investor acknowledges that the Bonds are a limited obligation of the City, payable solely from the revenues or other amounts provided by or at the direction of the Borrower, and is not an obligation payable from the general revenues or other funds of the City, the State of California or any political subdivision of the State of California. The Investor acknowledges that the City is issuing the Bonds on a conduit, nonrecourse basis, and has no continuing obligations with respect thereto except as expressly set forth in the Indenture.

12. The Investor has the authority to purchase the Bonds and to execute this letter and other documents and instruments required to be executed by the Investor in connection with its purchase of the Bonds. The individual who is executing this letter on behalf of the undersigned is a duly appointed, qualified and acting officer of the Investor and authorized to cause the Investor to make the certifications, representations and warranties contained herein by the execution of this letter on behalf of the Investor.

13. The Investor acknowledges that no offering document has been produced in connection with the issuance or sale of the Bonds.

14. The Investor agrees to indemnify and hold harmless the City, the City's officials, officers, employees and agents, and the members of the governing board of the City with respect to any claim asserted against any of them that is based upon the Investor's sale, transfer or other disposition of its interests in the Bonds in violation of the provisions hereof or of the Indenture or any inaccuracy in any statement made by the Investor in this letter.

15. The Investor acknowledges that interest on a Bond is not excludable from gross income of the owner thereof for federal income tax purposes for any period during which such Bond is owned by a person who is a substantial user of the facilities financed by the Bonds or any person considered to be related to such substantial user (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended).

The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

Very truly yours,

[PURCHASER]

By _____

Name _____

Title _____

EXHIBIT D

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

1. Nondiscrimination; Penalties.

(a) *Non Discrimination in Contracts.* The Trustee shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. The Trustee 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 Trustee 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 Trustee does not as of the date of this Indenture, and will not during the term of this Indenture, 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 Indenture, the Trustee 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 Indenture. By entering into this Indenture, the Trustee 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 Trustee 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 Trustee to remove from, City facilities personnel of such Trustee 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 Trustee shall provide the services specified in the Indenture 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 Trustee acknowledges that this Indenture and all records related to its formation, such Trustee's performance of services provided under the Indenture, 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 Indenture, The Trustee 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 Trustee's board of directors; the Trustee'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 Trustee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Trustee. The Trustee 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 Trustee shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. The Trustee is subject to the enforcement and penalty provisions in Chapter 12P. By entering into this Indenture, the Trustee certifies that it is in compliance with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. The Trustee shall comply with San Francisco Administrative Code Chapter 12Q. The Trustee shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. The Trustee 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 Indenture, the Trustee shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Indenture from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. The Trustee is subject to the enforcement and penalty provisions in Chapter 12G.

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

In the performance of services provided under the Indenture, the Trustee 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 Trustee, such information must be held by such Trustee in confidence and used only in performing the Indenture. The Trustee 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 Trustee 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 Indenture. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Trustees' obligations under Chapter 12T is set forth in this Section. The Trustee 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 Indenture shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to an Trustee's operations to the extent those operations are in furtherance of the performance of this Indenture, shall apply only to applicants and employees who would be or are performing work in furtherance of this Indenture, 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 Indenture. 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 Indenture, the Trustee 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 Indenture.

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

16. Food Service Waste Reduction Requirements. The Trustee 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 Indenture has been drafted through a cooperative effort of the City and the Trustee, and all parties have had an opportunity to have the Indenture reviewed and revised by legal counsel. No party shall be considered the drafter of this Indenture, 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 Indenture.

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

19. Sugar-Sweetened Beverage Prohibition. The Trustee 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 Indenture.

EXHIBIT E
FORM OF
NOTICE OF INTEREST RATE CONVERSION

[_____]

[REMARKETING AGENT]

Re: City and County of San Francisco, California Multifamily Housing Revenue Bonds,
Series 2017E (1500 Mission Street Apartments)

Ladies and Gentlemen:

The undersigned is the Authorized Borrower Representative with respect to the above-referenced bonds (the "Bonds") as such term is defined in the Indenture of Trust, dated as of November 1, 2017 (the "Indenture"), between the City and County of San Francisco, California (the "City") and U.S. Bank National Association, as trustee (the "Trustee").

Pursuant to Section 2.11 of the Indenture you are hereby notified that the Bonds are to be remarketed on [insert remarketing date] and the interest thereon shall be converted to [_____] effective [insert effective date] (the "Effective Date"). The Bonds shall be in a [_____] mode from the Effective Date through [_____] or the prior redemption thereof.

The [Remarketing Agent] hereby certifies that such conversion is not reasonably expected to result in a deferral of, or a reduction in, any scheduled payment of interest or principal.

This notice is dated as of the _____ day of _____, ____.

AUTHORIZED BORROWER
REPRESENTATIVE

By: _____
Authorized Signatory

EXHIBIT F

NOTICE OF SUBORDINATION OF BONDS

[_____]

[REMARKETING AGENT]

Re: City and County of San Francisco, California Multifamily Housing Revenue Bonds, Series 2017E (1500 Mission Street Apartments)

Ladies and Gentlemen:

The undersigned is the Bondholder Representative with respect to the above-referenced bonds (the "Bonds") as such term is defined in the Indenture of Trust, dated as of [_____] 1, 2017 (the "Indenture"), between the City and County of San Francisco, California (the "City") and [_____], as trustee (the "Trustee").

Pursuant to Article XIII of the Indenture you are hereby notified and instructed that the enclosed Bonds shall be cancelled and exchanged for Senior Bonds and Subordinate Bonds in the amounts stipulated below:

Tax Exempt Bonds Exchanged and Cancelled:	[\$Principal Amount]
Tax Exempt Senior Bonds Issued:	[\$Principal Amount]
Tax Exempt Subordinate Bonds Issued:	[\$Principal Amount]

This notice is dated as of the _____ day of _____, _____.

[MAJORITY BONDHOLDER]

By: _____
Authorized Signatory

EXHIBIT G

FORM OF SUBORDINATE BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS BOND MAY BE OWNED ONLY BY A QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE TERMS OF THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE INDENTURE TO BE AN OWNER OF BONDS AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER QUALIFIED INSTITUTIONAL BUYER OR OTHER ENTITY AUTHORIZED UNDER THE TERMS OF THE INDENTURE.

**CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
MULTIFAMILY HOUSING REVENUE BOND,
SERIES 2017E-S (SUBORDINATE SERIES)
1500 MISSION STREET APARTMENTS**

No. S-1

\$[_____]

DATED DATE:	MATURITY DATE:	CUSIP NO.:
[_____, 20__]	[_____, 20__]	[_____]

REGISTERED OWNER: []

PRINCIPAL AMOUNT: []

The CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation and chartered city and county of the State of California, duly organized and existing under its charter and the laws of the State of California (herein called the "City"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined below), payable on each Bond Payment Date, commencing [_____], to the person whose name appears on the registration books as of the Record Date and to pay any other amounts as specified in the Indenture (hereinafter defined). All capitalized terms not otherwise defined in this Subordinate Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Subordinate Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of U.S. Bank National Association, as trustee (the "Trustee" and "Bond Registrar"), or its successor.

Interest on this Bond shall be calculated on the basis of a 360 day year comprised of twelve 30 day months, or a year of 365 or 366 days, as applicable, for the actual number of days elapsed, as provided in the Indenture. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or such other date as described in the Indenture) to, but not including, the Bond Payment Date on which interest is being paid. Interest on this Subordinate Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

The indebtedness evidenced by this Subordinate Bond is and shall be subordinate in right of payment to the prior payment in full of all then current amounts due and payable to the Senior Bonds (as defined in the Indenture), to the extent and in the manner provided in the Indenture. The Indenture securing this Subordinate Bond is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Senior Bonds. The rights and remedies of the holder and each subsequent holder of this Subordinate Bond under the Indenture are subject to the terms thereof.

This Subordinate Bond is issued under and secured by an Indenture of Trust, dated as of [_____] 1, 2017 (the "Indenture"), as amended and supplemented, between the City and the Trustee. This Subordinate Bonds is subordinate to the Senior Bonds (as defined in the Indenture).

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City and the Trustee, the terms on which the Subordinate Bonds are issued and secured, the manner in which interest is computed on this Subordinate Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Subordinate Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Subordinate Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

NONE OF THE CITY, THE MEMBERS OF ITS BOARD OF SUPERVISORS, THE OFFICERS, OFFICIALS, EMPLOYEES, ATTORNEYS OR AGENTS OF THE CITY, OR ANY

PERSON EXECUTING THE SUBORDINATE BONDS IS LIABLE PERSONALLY ON THE SUBORDINATE BONDS OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THEIR ISSUANCE. THE SUBORDINATE BONDS ARE LIMITED OBLIGATIONS OF THE CITY, PAYABLE ONLY AS PROVIDED IN THE INDENTURE, AND ARE NOT A GENERAL OBLIGATION, NOR ARE THEY SECURED BY A PLEDGE OF THE FAITH AND CREDIT, OF THE CITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER ARE THEY LIABLE ON THE SUBORDINATE BONDS, NOR ARE THE SUBORDINATE BONDS PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE CITY EXPRESSLY PLEDGED FOR THE PAYMENT THEREOF UNDER THE INDENTURE. THE SUBORDINATE BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION. THE ISSUANCE OF THE SUBORDINATE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS SUBORDINATE BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, OFFICIAL, DIRECTOR, EMPLOYEE, AGENT, OR MEMBER OF THE BOARD OF SUPERVISORS OF THE CITY, OR OF ANY SUCCESSOR THERETO, AS SUCH, EITHER DIRECTLY OR THROUGH THE CITY OR ANY SUCCESSOR TO THE CITY, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, OFFICIALS, DIRECTORS, EMPLOYEES, AGENTS OR MEMBERS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS SUBORDINATE BOND.

The registered owner of this Subordinate Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this Subordinate Bond, the registered owner hereof authorizes the Bondholder Representative to exercise such rights and remedies afforded to the Bondholder Representative on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Subordinate Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of

Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The City and the Trustee may deem and treat the person in whose name this Subordinate Bond shall be registered on the bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the City nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the City to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Subordinate Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

None of the directors, members, officers, agents, employees or representatives of the City or any person executing the Subordinate Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Subordinate Bonds.

This Subordinate Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Subordinate Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Subordinate Bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the City or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the City and County of San Francisco has caused this Subordinate Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, all as of the Dated Date above, and the manual or facsimile seal of the City and County of San Francisco to be impressed or reproduced hereon.

CITY AND COUNTY OF SAN
FRANCISCO

By: _____
Mayor

[SEAL]

ATTEST:

Clerk of the Board of Supervisors

FORM OF CERTIFICATE OF AUTHENTICATION

This Subordinate Bond is one of the Subordinate Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

Date of Authentication: _____

U.S. Bank National Association, as Trustee

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within-mentioned registered Subordinate Bond and hereby irrevocably constitute(s) and appoint(s)

_____ attorney,
to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.