
LOAN AGREEMENT

by and between the

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA,

and

**2675 FOLSOM OWNER, LP,
a California limited partnership**

dated as of December 1, 2017

relating to:

[\$_____]

**City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(2675 Folsom Street Apartments)
Series 2017H**

The interest of the City and County of San Francisco, California (the "City") in this Loan Agreement (except for certain rights described herein) has been pledged and assigned to U.S. Bank National Association, as trustee (the "Trustee"), under that certain Indenture of Trust, dated as of December 1, 2017, by and between the City and the Trustee.

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EXHIBIT A CITY AND COUNTY OF SAN FRANCISCO CONTRACTING PROVISIONS

LOAN AGREEMENT

THIS LOAN AGREEMENT (as supplemented and amended from time to time, the "Loan Agreement"), dated as of December 1, 2017, 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 (the "City"), 2675 Folsom Owner, LP, a California limited partnership (the "Borrower").

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. Capitalized terms used in this Loan Agreement have the meanings given to such terms in Section 1.01 of the Indenture of Trust, dated as of December 1, 2017 (as supplemented and amended from time to time, the "Indenture"), between the City and U.S. Bank National Association, as trustee.

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

Section 1.3. Titles and Headings.

(a) The titles and headings of the articles and sections of this Loan Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

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

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

(d) References to the Tax-Exempt Bonds as "tax exempt" or the tax exempt status of the Tax-Exempt Bonds are to the exclusion of interest on the Tax-Exempt Bonds (other than Tax-

Exempt Bonds held by a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

(f) No litigation or administrative action of any nature has been served on the City and is now pending (i) seeking to restrain or enjoin the execution and delivery of the Indenture, this Loan Agreement or the Regulatory Agreement, or in any manner questioning the proceedings or authority of the City relating thereto or otherwise

affecting the validity of the Bonds, or (ii) challenging the existence or authority of the City or its officers or that of the members of the Board of Supervisors or its officers and, to the knowledge of the City, none of the foregoing are threatened.

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

Section 2.2. Representations, Warranties and Covenants of the Borrower. (a) The Borrower with respect to itself, hereby represents, warrants and covenants that:

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

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

(iii) The execution and delivery of the Bond Documents to which it is a party, the performance by it of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby will not violate its formation documents, or any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which it is a party or by which it or any of its property is bound.

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

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

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

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

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

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

(x) It is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and it has no actual knowledge of any Person contemplating the filing of any such petition against it.

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

condition or business prospect or its ability to meet its obligations under this Loan Agreement and the other Bond Documents to which it is a party in a timely manner.

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

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

(xiv) All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the City or the Bondholder Representative in respect of the Project by or on its behalf, to the best of its knowledge, (A) are accurate and complete in all material respects, (B) accurately represent, in all material respects, the financial condition of the Project as of the date of such reports, and (C) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with the Approved Accounting Method, except as disclosed therein. Other than as discussed in its financial information provided to the Bondholder Representative in writing, it has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in its financial condition, operations or business from that set forth in said financial statements.

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

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

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

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

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

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

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

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

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

(b) The Borrower represents, warrants and covenants that:

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

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

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

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

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

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

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

(viii) All of the proceeds from the Tax-Exempt Bonds plus the income from the investment of the proceeds of the Loan related to the Tax-Exempt Bonds will be used to pay or reimburse the Borrower for Project Costs, and at least ninety-five percent (95%) of the proceeds of the Tax-Exempt Bonds will be used to pay or reimburse the Borrower for Qualified Project Costs and less than twenty-five percent (25%) of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Loan related to the Tax-Exempt Bonds are expended so as to cause the Tax-Exempt Bonds to constitute "qualified residential rental bonds" within the meaning of Section 142(d) of the Code.

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

(x) The Borrower has marketable title to the Project, free and clear of all Liens except the Permitted Encumbrances. The Deed of Trust, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in

connection therewith, will create (A) a valid, first priority monetary lien on the fee interest in the Project and (B) perfected security interests in and to, and perfected collateral assignments of, all personality described in the Deed of Trust (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrower's knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project, nor are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Bond Documents.

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

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

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

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

(xv) The building that contains the Project will be used as a multifamily residential rental project and other appurtenant and related uses, as well as certain unrelated uses (including approximately 5,100 square feet of City-required, production/distribution/studio space which is not part of the Project, and the construction and equipping of which is not being financed with proceeds of the Loans, as the costs of which are not Project Costs), which uses are consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction, development and equipping of the Project have been or will be obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Deed of Trust or deed in lieu of foreclosure thereunder. No proceedings that would result in a change of the zoning of the Project not consistent with the presently contemplated uses of the Project described in this paragraph are pending or threatened.

(xvi) As of the Closing Date, except as disclosed on the Survey, to Borrower's knowledge, all no structure within the property subject to the Deed of Trust lies or is located in an identifiable or designated Special Flood Hazard Area. Subsequent to the Closing Date, if any portion of the Project subject to the Deed of Trust is determined to be in a Special Flood Hazard Area, the Borrower will obtain appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as reasonably required by the Servicer pursuant to its underwriting guidelines (to the extent available at commercially reasonable rates).

(xvii) Following completion, the Project, including all Improvements, parking facilities, systems, fixtures, equipment and landscaping, will be maintained in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted).

(xviii) Except as disclosed on the Survey, (i) all of the Improvements will lie wholly within the boundaries and building restriction lines of the Project, (ii) no improvement on an adjoining property encroaches upon the Project, and (iii) no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value of the Project, except those insured against by the Title Insurance Policy.

(xix) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been or will be paid on or prior to the Closing Date. All mortgage, mortgage recording,

stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Bond Documents to which the Borrower is a party have been or will be paid.

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

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

(xxii) The Project satisfies (in all material respects) all requirements of the Act and the Code applicable to the Project.

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

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

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

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

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

Section 2.3. Hazardous Waste Covenant. In addition to and without limitation of any other representations, warranties and covenants made by the Borrower under this Loan Agreement and under the other Loan Documents, the Borrower further represents, warrants and covenants that the Borrower will not use or permit Hazardous Materials (as defined hereinafter) on, from, or affecting the Project (a) in any manner which violates federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous

Materials, or (b) in a manner that would create a material adverse effect on the Project. Without limiting the foregoing, the Borrower shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable federal, state and local laws or regulations, nor shall the Borrower cause or knowingly permit, as a result of any intentional or unintentional act or omission on the part of the Borrowers or any tenant or subtenant, a release of Hazardous Materials on to the Project or on to any other property in a manner which violates federal, state, or local laws, ordinances, rules or regulations or in a manner that would create a material adverse effect on the Project. The Borrower shall comply with and require compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Borrower shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other action required by a governmental authority under an applicable statute or regulation to clean up and remove all Hazardous Materials, on, from, or affecting the Project in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations.

To the fullest extent permitted by law, Borrower shall defend, indemnify, and hold harmless the City from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature (including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses), known or unknown, contingent or otherwise (collectively, "Losses"), arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Project which affect, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Project, and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, or written requirements of the City, which are based upon or in any way related to such Hazardous Materials. In the event the Project is foreclosed upon, or a deed in lieu of foreclosure is tendered, or this Loan Agreement is terminated, the Borrower shall deliver the Project in a manner and condition that shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Project.

For the purposes of this Section 2.3 and Section 2.4, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in or regulated under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601 et seq.), and in the regulations promulgated pursuant thereto, or any other federal, state or local environmental laws, ordinances, rules, or regulations. The provisions of this Section 2.3: (a) shall not apply to lawful conditions permitted by an O&M Program (defined in the Loan Documents) or the safe and lawful use and storage of quantities of (i) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, renovation, operation, maintenance or use of comparable multifamily properties, (ii) cleaning

materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Project; and (iii) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Project's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Hazardous Materials Laws (defined in the Deed of Trust), (b) shall be in addition to any and all other obligations and liabilities the Borrower may have to the City at common law, and (c) with respect to any liability or cost arising as a result of acts or omissions of the Borrower during the term of this Loan Agreement, shall survive the termination of this Loan Agreement. This Section 2.3 shall not obligate the Borrower in any way with respect to any acts or omissions of any entity that succeeds the Borrower as owner of the Project.

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

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

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

Section 2.4. Additional Environmental Matters. (a) The Borrower shall require in any management agreement for the Project that the management company shall operate and maintain the Project in material compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, concerning the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq., and the Clean Air Act of 1970, 42 U.S.C. Section 4321, and all rules, regulations and guidance documents promulgated or published thereunder, and any state, regional, county or local statute, law, rule, regulation or ordinance relating (i) to releases, discharges, emissions or disposal of Hazardous Materials to air, water, land or ground water, (ii) to the withdrawal or use of ground water, (iii) to the use, handling or disposal of polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde, (iv) to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) and any other solid, liquid or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Project or the property adjacent to or surrounding the Project, (v) to the exposure of persons to toxic, hazardous or other controlled, prohibited or regulated substances or (vi) to the transportation, storage,

disposal, management or release of gaseous or liquid substances and any regulation, order, injunction, judgment, declaration, notice or demand issued thereunder.

(b) The Borrower shall keep the Project free and clear of any liens or encumbrances ("Environmental Liens") securing payment of the costs of any response, removal or remedial action or cleanup of Hazardous Materials (as defined in Section 2.3), subject to the Borrower's right to contest such Environmental Liens, pursuant to Section 6.2 below.

(c) The Borrower covenants and agrees that it will not knowingly conduct or allow to be conducted any business, operations or activity on the Project, or employ or use the Project to manufacture, treat, store (except as permitted under the Bond Documents), or dispose of any Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof), or any other substance the disposal of which is prohibited, controlled or regulated under applicable law, or which poses a threat or nuisance to safety, health or the environment, including, without limitation, any business, operation or activity which would violate the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., or cause or knowingly allow to be caused, a release or threat of release, of a non-de minimis quantity of Hazardous Materials on the Project as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., or any similar state, county, regional or local statute providing for financial responsibility for cleanup for the release or threatened release of Hazardous Materials provided for thereunder.

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

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

(f) During the period in which this Loan Agreement is in effect, the Borrower hereby grants the City and the Trustee, and their respective agents, attorneys, employees, consultants and contractors, an irrevocable license and authorization upon reasonable prior written notice of not less than three (3) days, or twenty-four (24) hours in the case of an emergency (subject to

the rights of the applicable residents), to enter upon and inspect the Project and perform such tests, including, without limitation, subsurface testing, soils and ground water testing, and other tests which may physically invade the Project, as the City or the Trustee, in their respective reasonable discretion, determine are necessary to protect the lien created by the Deed of Trust. Such entry, inspection, and testing shall be conducted in a manner which does not interfere with any tenant's right of occupancy or disturb any tenant's right of peaceable quiet enjoyment. The provisions of this Section 2.4 shall be for the full and equal benefit of the City, and of the Trustee as assignee of the City under the Indenture.

Section 2.5. Survival of Representations and Covenants . All of the representations and warranties in Sections 2.1, 2.2, 2.3 and 2.4 and elsewhere in the Bond Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing, and (ii) shall be deemed to have been relied upon by the Servicer, the Trustee, the Bondholder Representative and the Bondholders notwithstanding any investigation heretofore or hereafter made by the Servicer, the Trustee, the Bondholder Representative or the Bondholders or on its behalf, provided, however, that the representations, warranties and covenants set forth in Sections 2.3 and 2.4 shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 5.4.

ARTICLE III

THE LOANS

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

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

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Loan Agreement shall have occurred and the Borrower shall have so certified in writing;

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

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

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

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

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

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

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

(b) The Trustee shall make disbursements of the remaining principal amount of each Loan directly to or for the benefit of the Borrower subject to Section 3.03 of the Indenture, and on the terms and subject to the conditions set forth in the Construction Funding Agreement, and as follows: the parties express and acknowledge their mutual intent that at least ninety-five percent (95%) of the proceeds of the Loans which are proceeds of the Tax-Exempt Bonds be allocated exclusively to pay Qualified 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 Code, as amended. The City hereby authorizes and requests that the Borrower maintains such accounting and other records as shall be necessary to carry out the mutual intent of the parties with respect to the allocation of the Bond proceeds, and the City shall have no responsibility whatsoever with respect thereto.

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

ARTICLE IV

LIMITED LIABILITY

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

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

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

ARTICLE V

REPAYMENT OF THE LOANS

Section 5.1. Loan Repayment. (a) The Borrower shall make Loan Payments in accordance with and subject to the terms of the Notes. Each Loan Payment made by the Borrower shall be made in funds immediately available to the Trustee or the Servicer by 2:00 p.m., New York City time, on the Loan Payment Date. Each such payment shall be made to the Trustee or the Servicer by deposit to such account as the Trustee or Servicer, as applicable, may designate by Written Notice to the Borrower. Whenever any Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrower shall make Loan Payments in accordance with the Notes in the amounts and at the times necessary to make all payments due and payable on the Bonds. All payments made by the Borrower hereunder or by the Borrower

under the other Bond Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) Except as otherwise set forth in the Indenture, the Borrower and the City each acknowledge that neither the Borrower nor the City has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in the custody of and (except for monies in the Rebate Fund and monies due the City on deposit in the Expense Fund) held by the Trustee in trust for the benefit of the Bondholders.

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

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

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

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

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

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

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

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

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

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

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

(f) The Borrower further agrees to pay, prior to delinquency, all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments with respect thereto; provided, however, that the Borrower reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project. In addition, the Borrower agrees to pay any loan fee, processing fee and all title, escrow, recording and closing costs and expenses, any appraisal costs and all other reasonable fees and costs associated with or required in connection with the Bonds, the Regulatory Agreement and Indenture; including but not limited to any such amounts described in Section 8.06 of the Indenture.

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

(h) The Borrower hereby agrees to pay the City fees and expenses described in Section 19 of the Regulatory Agreement.

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

(j) The Borrower agrees to pay to the Trustee, immediately upon demand for payment thereof, its fees and all reasonable out-of-pocket expenses of the Trustee in connection with its serving as Trustee under the Indenture that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement, including, without limitation, legal fees and

expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds.

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

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

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

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

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

(a) in whole or in part, if the Project shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or

destroyed property within the period and under the conditions described in the Deed of Trust following such event of damage or destruction; or

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

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

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

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

(f) as otherwise provided in the Notes, the Construction Funding Agreement or the Deed of Trust.

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

Section 5.4. Nature of the Borrower's Obligations. The Borrower shall repay the Loans subject to and in accordance with the terms of the Notes and the Construction Funding Agreement irrespective of any rights of set-off, recoupment or counterclaim the Borrower might otherwise have against the City or any other person, provided such payment does not constitute a waiver of such claims. The Borrower will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the construction or operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Loans or the Project; (iii) any event constituting force majeure; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vi) any failure of the City or the Borrower to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Notes other than the City's failure to issue the

Bonds; it being the intention of the parties that, as long as the Notes or any portion thereof remains outstanding and unpaid, the obligation of the Borrower to repay the Loans and provide such moneys shall continue in all events. This Section 5.4 shall not be construed to release the Borrower from any of its obligations hereunder, or, except as provided in this Section 5.4, to prevent or restrict the Borrower from asserting any rights which it may have against the City under the Notes or the Deed of Trust or under any provision of law or to prevent or restrict the Borrower, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the City, the Bondholder Representative, the Servicer or the Trustee or taking any other action to protect or secure its rights.

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

Section 5.5. Security for the Bonds.

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

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

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

(ii) Regulatory Agreement. Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the City may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues, (as defined in Section

5.5(e) below) if any, of the Borrower, unless Bondholder Representative otherwise specifically consents in writing to the use of other funds; and

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

(c) In no event shall the City:

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

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

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

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

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

(e) As used in this Section, the term "Excess Revenues" means the Net Cash Flow of the Borrower. For purposes of this Section, the term "Net Cash Flow" means cash available for distribution to the respective shareholders, members or partners (as the case may be) of the Borrower for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise) including indebtedness payable to any shareholder, member, or partner, or their affiliates, of the Borrower, the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Loans or the Bonds, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project or the Market Project, as applicable (whether any such expenditures are current, capital or extraordinary expenditures and including, without limitation, all asset management and other fees payable to the Borrower's limited partners and their affiliates pursuant to the Borrower's organization documents), and the setting aside of all reserves for taxes (including, without limitation, Taxes and Other charges), insurance, water and sewer charges or other similar impositions and other utility payments related to the Project, capital expenditures, repairs and replacements and other

operational costs related to the Project and all other amounts (including reserves) which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

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

(a) any loss, damage or cost (including but not limited to attorneys' fees) resulting from fraud or intentional misrepresentation by the Borrower, the Borrower's agents (to the extent within the course and scope of such agency) or employees or any general partner of the Borrower in connection with obtaining the Loans evidenced by this Agreement, the Notes, or in complying with any of Borrower's obligations under the Bond Documents;

(b) insurance proceeds, condemnation awards, security deposits from tenants received by or on behalf of the Borrower in its capacity as the owner of the Project and not applied in accordance with the provisions of the Deed of Trust and the Construction Funding Agreement;

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

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

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

(f) any loss, damage or cost (including but not limited to attorneys' fees) resulting from the commission of intentional material waste by the Borrower not due to the Project's failure to generate sufficient net cash flow (or any partner, officer, director or agent of the Borrower or any guarantor or owner of any collateral); provided however, for purposes of this Section 5.6(f) only, it shall not be waste if the Borrower does not repair or restore the Project following any damage, destruction, or partial condemnation notwithstanding the availability of insurance or condemnation proceeds;

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

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

(i) subject to the Borrower's rights of contest under Section 6.2, any loss, damage or cost (including but not limited to reasonable attorneys' fees) resulting from failure by the Borrower to pay taxes that may become a lien on the Project, to pay premiums for insurance required pursuant to this Loan Agreement, the Construction Funding Agreement or the Deed of Trust, or to repay any sums advanced by the City or Trustee for any such purpose but only so long as Borrower holds fee title to the Project and no receiver has been appointed for the Project.

The exceptions to non-recourse liability contained in this Section 5.6 shall not limit any rights of the City (or the Trustee, as assignee of the City) to, upon the occurrence and continuance of a Loan Agreement Default:

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

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

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

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

The limitation of liability set forth in this Section 5.6 will be deemed void and have no force or effect with respect to the Borrower if the Borrower or any partner or authorized signatories, of the Borrower attempts to materially delay without good cause any foreclosure of the Deed of Trust or any other collateral security for the Loans, or if the Borrower or any partner or authorized signatories, of the Borrower claims that this Loan Agreement, the Construction Funding Agreement or any of the other instruments or documents executed in connection with the Loans are invalid or unenforceable to any extent that would preclude foreclosure.

No provision of this Section 5.6 shall (i) affect any guaranty or similar agreement executed in connection with the debt evidenced by the Notes or this Loan Agreement, (ii) release or reduce the debt evidenced by the Notes or this Agreement, (iii) impair the right of the Bondholder Representative or the Trustee to enforce any provisions of the Deed of Trust or any other collateral security for the repayment of the Loans, (iv) impair the lien of the Deed of Trust or any other collateral security for the repayment of the Loans, or (v) except as expressly provided in this Loan Agreement, impair the right of the Bondholder Representative or the Trustee to enforce the provisions of any Loan Document. Nothing herein shall directly or indirectly limit the right of the Bondholder Representative or Trustee to collect or recover any collateral from the Borrower (subject to the limitations on liability set forth in the last paragraph of this Section 5.6, below). Furthermore, subject to the limitations on liability set forth in the last

paragraph of this Section 5.6, below, nothing in any other provision of the Notes, this Loan Agreement or the other Bond Documents shall be deemed to limit the rights of the City, the Trustee or the Bondholder Representative to enforce collection from Borrower (or any other person liable therefor) of all reasonable attorneys' fees, costs, expenses, indemnity liabilities and other amounts payable by the Borrower apart from principal or interest owing under the Notes.

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

Notwithstanding anything herein to the contrary, shall any of the constituent limited partners, members or directors (direct or indirect) of Borrower have any personal liability regarding the Notes or the Deed of Trust or for any of the Borrower's or any guarantor's obligations herein.

Section 5.7. Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The City and the Borrower acknowledge as follows: (a) calculation of all interest payments shall be made by the Trustee; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Bondholder Representative in accordance with the Deed of Trust; and (c) deposits with respect to any replacement reserve funds required by the Bondholder Representative shall be calculated by the Servicer in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Bondholder Representative, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such replacement reserve fund, such deficiency shall be due and payable hereunder within seven (7) Business Days following written notice to the Borrower.

Section 5.8. [Reserved].

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

shall apply or cause to be applied any sums held by the Trustee and the Servicer with respect to the Project in accordance with Section 7.04 of the Indenture.

ARTICLE VI

FURTHER AGREEMENTS

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

Section 6.2. Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges prior to delinquency, except to the extent the Borrower obtains a valid extension for the payment thereof and except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Deed of Trust. The foregoing right to contest Taxes and Other Charges shall expressly apply to Borrower's right to contest Environmental Liens (and Borrower is hereby granted the right to contest the same, provided that any such lien is bonded over to the satisfaction of Bondholder Representative)

The Borrower covenants to pay all taxes and other charges of any type or character charged to the City or to the Trustee affecting the amount available to the City or the Trustee from payments to be received hereunder, under the Notes or in any way arising due to the transactions contemplated hereby (including taxes and other charges assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes and other taxes based upon the capital and/or income of the Trustee or the City and taxes based upon or measured by the net income of the Trustee or the City; provided, however, that the Borrower shall have the right to protest any such taxes or other charges and to require the City or the Trustee, at the Borrower's expense, to protest and contest any such taxes or other charges levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or other charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the City or the Trustee. This obligation shall remain valid and in effect notwithstanding repayment of the Loans hereunder or termination of this Loan Agreement or the Indenture.

Section 6.3. Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear and casualty and condemnation excepted) as set forth in the Deed of Trust and, following the completion of the Project, shall not remove, demolish or materially alter the Improvements or equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business and except for alterations the aggregate cost of which do not exceed \$1,000,000), except as provided in the Deed of Trust:

Section 6.4. Litigation. The Borrower shall give prompt Written Notice to the City, the Servicer, the Trustee and the Bondholder Representative of any litigation, governmental

proceedings or claims or investigations regarding an alleged or actual violation of a Legal Requirement served upon the Borrower or, to the Borrower's knowledge, overtly threatened against the Borrower in writing that might materially and adversely affect the Borrower's condition (financial or otherwise) or business or its interests in the Project.

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

Section 6.6. Notices. The Borrower shall promptly provide written notice to the City, the Servicer, the Bondholder Representative and the Trustee of (a) any known material and adverse change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (b) any known fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Bond Document to which it is a party in a timely manner, or (c) the occurrence of any Default or Loan Agreement Default of which the Borrower has actual knowledge. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the City, the Servicer, the Trustee and the Bondholder Representative any Securities and Exchange Commission or other public filings, if any, of the Borrower within five (5) Business Days of such filing.

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

Section 6.8. Further Assurances. The Borrower shall, at its sole cost and expense (except as provided in Article IX), (a) furnish to the Servicer and the Bondholder Representative all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that Borrower's construction or renovation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested by the Servicer or the Bondholder Representative in writing for the better and more efficient carrying out of the intents and purposes of the Bond Documents; (b) execute and deliver to the Servicer and the Bondholder Representative such reasonable documents, instruments, certificates, assignments and other writings, and do such other acts reasonably necessary to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bonds, as the Servicer and the Bondholder Representative may reasonably require from time to time; (c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Bond Documents, as the Servicer or the Bondholder Representative shall reasonably require from time to time; provided, however, with respect to clauses (a)-(c) above, the Borrower shall not be required to do anything that has the effect of (i) changing the economic terms of the Loans, (ii) imposing upon the Borrower greater personal liability under the Loan Documents, or (iii) imposing any additional obligations upon the Borrower; and (d) upon the Servicer's or the Bondholder Representative's written request therefor given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or Loan Agreement Default, as applicable, is continuing pay for (i)

reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower, and (ii) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer or the Bondholder Representative in each of the locations reasonably designated by the Servicer or the Bondholder Representative.

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

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

Section 6.11. City's Annual Fees. The Borrower covenants to pay the annual fee of the City, payable as set forth in Section 19 of the Regulatory Agreement, and the reasonable fees and expenses of the City or any agents, attorneys, accountants, consultants selected by the City to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement and the other Bond Documents, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Bonds, this Loan Agreement, the other Bond Documents or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, their properties, assets or operations or otherwise in connection with the administration of the foregoing. This obligation shall remain valid and in effect notwithstanding repayment of the Loans hereunder or termination of this Loan Agreement or the Indenture.

Section 6.12. Estoppel Statement. The Borrower shall furnish to the Servicer or the Bondholder Representative for the benefit of the City, the Trustee, the Bondholder Representative and the Servicer within ten (10) Business Days after written request by the Servicer, with a statement, setting forth (a) the date installments of interest and/or principal were last paid, (b) any offsets or defenses (to the Borrower's knowledge) to the payment of the Borrower Payment Obligations, and (c) that the Bond Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and (d) that, to the Borrower's knowledge, no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Servicer or the Bondholder Representative, within 30 days of a written request by the Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Servicer and the Bondholder Representative; provided that the Servicer and the Bondholder Representative shall not make requests for the estoppel certificates required under this Section 6.12 more frequently than twice in any year.

Section 6.13. Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Loan Agreement hereunder or under the Bond Documents, and shall pay, upon written demand of the Bondholder Representative, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which a Bondholder or the Bondholder Representative may appear. If any action or proceeding is commenced that is not diligently defended by the Borrower which

affects the Bondholders' or the Bondholder Representative's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any Federal or state law, whether now existing or hereafter enacted or amended, then the Bondholders or the Bondholder Representative may make, upon five (5) Business Days' of prior written notice to the Borrower, such appearances, disburse such sums and take such action as the Bondholders or the Bondholder Representative deems necessary to protect their interests. Such actions include disbursement of attorneys' fees. Neither a Bondholder or the Bondholder Representative shall have any obligation to do any of the above. No such action shall release the Borrower from any obligation under this Loan Agreement or any of the other Bond Documents. In the event (a) that the Deed of Trust is foreclosed in whole or in part or that any Bond Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (b) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Deed of Trust or any Bond Document in which proceeding the Bondholders or the Bondholder Representative is made a party or (c) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the applicable Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 6.14. Expenses. The Borrower shall pay all reasonable expenses incurred by the City, the Trustee, the Bond Purchaser, the Servicer, the Initial Purchaser and the Bondholder Representative (except as provided in Article IX) in connection with the Bonds, including reasonable fees and expenses of the City's, the Trustee's, the Servicer's, the Bond Purchaser's, the Initial Purchaser's and the Bondholder Representative's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of Bond Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the City, the Trustee, the Rebate Analyst, the Servicer, the Initial Purchaser and the Bondholder Representative (except as provided in Article IX) in connection with the issuance or administration of the Bonds, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, within ten (10) Business Days following written request therefor, reimburse the City, the Trustee, the Servicer, the Initial Purchaser and the Bondholder Representative for all reasonable amounts expended, advanced or incurred by the City, the Trustee, the Servicer, the Initial Purchaser and the Bondholder Representative to collect the Notes, or to enforce the rights of the City, the Bond Purchaser, the Trustee, the Servicer, the Initial Purchaser and the Bondholder Representative under this Loan Agreement or any other Loan Document, or to defend or assert the rights and claims of the City, the Bond Purchaser, the Trustee, the Servicer, the Initial Purchaser and the Bondholder Representative under the Bond Documents arising out of a Loan Agreement Default or with respect to the Project (by litigation or other proceedings) arising out of a Loan Agreement Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the City, the Trustee, the Servicer, the Initial Purchaser and the Bondholder Representative in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to the City, the Trustee, the Servicer, the Initial Purchaser and the Bondholder Representative, all of which shall constitute part of the Loans and shall be secured by the Bond Documents. The obligations and liabilities of the Borrower

under this Section 6.14 shall survive the Term of this Loan Agreement and the exercise by the City, the Servicer, the Bondholder Representative, the Initial Purchaser or the Trustee, as the case may be, of any of its rights or remedies under the Bond Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the negligence or willful misconduct of the Trustee, the negligence or willful misconduct of any party other than the City, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by Section 2.3 hereof or the Deed of Trust and the Environmental Compliance and Indemnity Agreement, of even date herewith, by the Borrower and the Guarantor in favor of the City and the Trustee.

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

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

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

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

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

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

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

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

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

(h) Any Determination of Taxability; and

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

except (i) in the case of the foregoing indemnification of (A) the Bondholder Representative or the Servicer or any related Indemnified Party, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party, or (B) in the case of the Trustee or any related Indemnified Party, the negligence or willful misconduct of the Trustee, or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bonds or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (ii) in the case of the foregoing indemnification of the City or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own willful misconduct. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 9.1.5 with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.1.5 hereof (provided that the City and the Indemnified Parties related to the City shall be entitled to assert their rights under either this Section 6.15 or Section 9.1.5, or both, without limitation). In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in their discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld, conditioned or delayed. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof; provided however the City have the absolute right to employ separate counsel at the expense of the

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

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the City, the Trustee and the Bondholder Representative have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder, or the City, Trustee and Bondholder Representative, in such case, shall have executed a full and unconditional release of Borrower.

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

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

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

Section 6.16. Notices of Certain Events. The Borrower hereby covenants to advise the City and the Bondholder Representative promptly in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In addition, the Borrower hereby covenants to advise the City and the Bondholder Representative promptly in writing of the occurrence of any Act of Bankruptcy with respect to either of them.

Section 6.17. Tax Exempt Status of the Tax-Exempt Bonds.

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

(b) The Borrower covenants and agrees that it will not (i) use or permit the use of any of the funds provided by the City hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or (ii) take or omit to take any other action that would, in each case cause the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 6.17 it is necessary to restrict or to limit the yield on the investment of any moneys held under the Indenture or under the Construction Funding Agreement, or otherwise by the Bondholder Representative, the Borrower shall determine the limitations and so instruct the Trustee or Bondholder Representative, as applicable, in writing and cause the Trustee or the Bondholder Representative, as applicable, to comply with those limitations under the Indenture or the Construction Funding Agreement, respectively.

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

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

(f) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of this Loan Agreement and of the Regulatory Agreement, and that in any event, the requirements of this Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(g) The Borrower will use due diligence to complete the construction of all of the units comprising the Project and reasonably expect to fully expend the entire \$[_____] authorized principal amount of the Tax-Exempt Bonds by December 1, 2020.

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

(i) The Borrower will make timely payment to the Trustee of any rebate amount due to the federal government by reason of Section 148(f) of the Code, as applicable to the Tax-Exempt Bonds and as may be increased by Section 6.07 of the Indenture, to be disposed of as provided in Section 5.06 of the Indenture.

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

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

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

Section 6.21. Prohibited Facilities. The Borrower represents and warrants that no portion of the proceeds of the Loans shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loans shall be used for an office unless (a) the office is located on the premises of facilities constituting a portion of the Project, and (b) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

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

Section 6.23. [intentionally omitted].

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

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

Disclosure Agreement. A default under any Continuing Disclosure Agreement shall not be a default under the Indenture, this Loan Agreement or any of the other Bond Documents.

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

Section 6.27. Liens. Without the Bondholder Representative's prior Written Consent, the Borrower shall not create, incur, assume, permit or suffer to exist any mechanic's, materialmen's or other Lien on any portion of the Project, except Permitted Encumbrances, unless such Lien is bonded around, insured over or discharged within 90 days after the Borrower first receive notice of such Lien or unless the Borrower is contesting such Lien in accordance with the Deed of Trust.

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

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

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

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

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

Section 6.33. Debt. Other than as expressly approved in writing by the Bondholder Representative, or accepted on the Closing Date, the Borrower shall not create, incur or assume

any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or their respective interests therein or in the Borrower or any partner thereof (including subordinate debt) other than (a) the Borrower Payment Obligations, (b) secured indebtedness incurred pursuant to or permitted by the Bond Documents, and (c) trade payables incurred in the ordinary course of business (expressly including the operating and equipment leases entered into in the ordinary course of Borrower's business; tenant security deposits; non-delinquent, accrued but unpaid real estate taxes and insurance premiums; other trade payables in respect of operating expenses which, for clarity, shall specifically include trade payables related to capital expenditures, tenant improvement costs and leasing commissions; (d) and obligations of less than \$____ in connection with posting of a bond required by a governmental authority in connection with the operation of the Project, and (e) partner loans to the Borrower, to the extent permitted under the Loan Documents.

Section 6.34. Assignment of Rights. Without the Bondholder Representative's prior Written Consent, the Borrower shall not attempt to (a) assign the Borrower's rights or interest under any Bond Document in contravention of any Bond Document or (b) surrender the Borrower's interests in the Project.

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

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

Section 6.37. ERISA. The Borrower shall not maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of it to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of it to become "plan assets," whether by operation of law or under regulations promulgated under ERISA.

Section 6.38. [Reserved].

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

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

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

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

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

Section 6.44. Election of Applicable Income Limit. The City's election with respect to 142(d)(1) of the Code and Section 142(d)(4)(B) (deep rent skewing) of the Code shall be governed by Section 4(a) of the Regulatory Agreement.

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

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

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

- (a) failure by the Borrower to pay any Loan Payment on the date such payment is due;

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

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

(d) a Transfer other than a transfer permitted under the Deed of Trust occurs, following twenty (20) days' written notice from the City, the Trustee, the Bondholder Representative or the Servicer (provided that the foregoing twenty (20) days' notice and cure right shall not apply to the Borrower's transfer of the Project to a third party with the City's, the Trustee's or the Servicer's prior written consent;

(e) any representation or warranty made by the Borrower in any Bond Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower in connection with any Bond Document, shall be false or misleading in any material respect as of the Closing Date, and shall not be cured within thirty (30) days' written notice from the City, the Trustee, the Bondholder Representative or the Servicer (as the case may be), to the extent such breach is susceptible of cure within such thirty (30) day period, and provided that there is no material impairment of the collateral for the Loans or the Borrower's ability to repay and that the Borrower diligently and expeditiously proceeds to cure such breach for an additional one hundred eighty (180) days or such longer period as may be determined by the Bondholder Representative;

(f) the Borrower shall make a general assignment for the benefit of creditors;

(g) an event of default of the Borrower as defined or provided for in any other Bond Document to which the Borrower is a party occurs and any applicable notice and or cure period has expired; provided, however, that if no expressly stated grace or notice and cure period is provided under the applicable Bond Document (other than payment defaults under Section 7.1(a) for which there is no cure period), then Borrower shall have thirty (30) days after receipt of written notice from the applicable and appropriate party under such Bond Document to cure such event of default; and further provided that if cure cannot be reasonably effected within such 30-day period and if there is no material impairment of the collateral for the Loans or the Borrower's ability to pay, Borrower shall have reasonably necessary additional time to cure such event of default as determined by the Bondholder Representative and such failure shall not be a "Loan Agreement Default" so long as Borrower promptly commences the cure and thereafter diligently and expeditiously prosecutes such cure to completion;

(h) the Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Loan Agreement (other than paragraphs (a)-(g) above)

for 30 days after notice from the Trustee, the Bondholder Representative or the Servicer in the case of such other Default; provided, however, that if such other Default under this paragraph (h) is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed 90 days; and

(i) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of Section 21(c) of the Deed of Trust; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within ninety (90) days of such event with another non-profit Borrower Controlling Entity acceptable to the Bondholder Representative in accordance with the Deed of Trust, in which case no Loan Agreement Default shall be deemed to have occurred; provided, however, that if any event described in this clause (i) was involuntary and not consented to by such Borrower Controlling Entity, then such occurrence shall not be a Loan Agreement Default unless the same is not discharged, stayed or dismissed within ninety (90) days after the filing or commencement thereof.

Section 7.2. Remedies on Default.

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

(b) Any amounts collected pursuant to action taken under this Section 7.2 (other than amounts collected by the City pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the City, the Trustee, the Bondholder Representative or the Bondowners and their respective counsel, be paid to the Trustee (unless

otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrower from its obligations pursuant to Section 6.17 hereof.

Section 7.3. No Remedy Exclusive; Delay. Upon the occurrence and during the continuance of a Loan Agreement Default, all or any one or more of the rights, powers, privileges and other remedies available to the Trustee against the Borrower under the Bond Documents or at law or in equity may be exercised by the Trustee, at the Written Direction of the Bondholder Representative, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Trustee or the Bondholder Representative shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Bond Documents. Any such actions taken by the Trustee or the Bondholder Representative shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Bondholder Representative may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Trustee or the Bondholder Representative permitted by law, equity or contract or as set forth in the Bond Documents. Without limiting the generality of the foregoing, the Borrower agrees that if a Loan Agreement Default has occurred and is continuing, all Liens and other rights, remedies or privileges provided to the Trustee and Bondholder Representative shall remain in full force and effect until they have exhausted all of its remedies, the Deed of Trust has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full. To the extent permitted by applicable law, nothing contained in any Bond Document shall be construed as requiring the Trustee or Bondholder Representative to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Trustee or Bondholder Representative may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

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

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

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

Section 7.5. Bondholder Representative's Right to Perform the Obligations. If any Loan Agreement Default has occurred and is continuing and such Loan Agreement Default arises out of Borrower's failure to make any payment or perform any act required by the Bond Documents, then without notice to or demand upon the Borrower and without waiving or releasing any other right, remedy or recourse the Trustee or the Bondholder Representative may have because of such Loan Agreement Default, the Bondholder Representative may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrower, and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate. If the Bondholder Representative shall elect to pay any sum due with reference to the Project, the Bondholder Representative may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Bond Documents, the Bondholder Representative shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. All sums paid by the Bondholder Representative pursuant to this Section 7.5, and all other sums expended by the Bondholder Representative to which it shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to all amounts payable with respect to the Bonds, shall be secured by the Bond Documents and shall be paid by the Borrower to the Bondholder Representative upon written demand.

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

Section 7.7. Assumption of Obligations. In the event that the Trustee, the Bondholder Representative or the Bondholders or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall have the right, to be exercised in its sole discretion, to succeed to the rights and the obligations of the Borrower under this Loan Agreement, the Notes, 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.

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

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

ARTICLE VIII MISCELLANEOUS

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

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

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

Section 8.4. Severability. Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without

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

Section 8.5. Execution of Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.6. Amendments, Changes and Modifications. No modification, amendment, extension, discharge, termination or waiver of any provision of this Loan Agreement or of any other Bond Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to or demand on the Borrower shall entitle the Borrower to any other or future notice or demand in the same, similar or other circumstances.

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

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

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

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

Section 8.11. Binding Effect; Third Party Beneficiaries. This Loan Agreement shall inure to the benefit of and shall be binding upon the City, the Borrower and their respective

successors and assigns. The Bondowners, the Bondholder Representative, the Servicer and the Trustee are intended third party beneficiaries of this Loan Agreement.

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

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

Section 8.14. Trial by Jury. To the extent permitted by law, the Borrower hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrower, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Servicer, the Trustee or Bondholder Representative is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrower.

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

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

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

Section 8.18. Publicity. The Servicer and the Bondholder Representative (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Servicer or Bondholder Representative's participation in the purchasing of the Bonds or the Bond's inclusion in any Secondary Market Transaction effectuated by the Servicer or Bondholder Representative or one of its Affiliates; provided, however, that if any such press releases, advertisements and other promotional materials directly or indirectly refers to the Borrower, then such press releases, advertisements and other promotional materials shall be subject to the approval of the Borrower, which approval shall not be unreasonably withheld.

Section 8.19. No Usury. The Borrower, the City, the Trustee and the Servicer intend at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits a party to contract for, charge, take, reserve or receive a greater amount of interest than under state law) and that this Section 8.19 shall control every other agreement in the Bond Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under the Notes or any other Bond Document, or contracted for, charged, taken, reserved or received with respect to the Borrower Payment Obligations, or if the Trustee's acceleration of the maturity of one or both of the Loans or any prepayment by the Borrower or any premium or Late Charge results in the Borrower having paid any interest in excess of that permitted by applicable law, then it is the parties' express intent that all excess amounts theretofore collected by the Servicer or the Trustee shall be credited against the unpaid Principal and all other elements of the Borrower Payment Obligations (or, if the Borrower Payment Obligations has been or would thereby be paid in full,

refunded to the Borrower), and the provisions of the Bond Documents immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to the Servicer or the Trustee for the use, forbearance or detention of one or both of the Loans shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the respective Loan until payment in full so that the rate or amount of interest on account of the respective Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the respective Loan for so long as the respective Loan is outstanding. Notwithstanding anything to the contrary contained in any Bond Document, it is not the intention of the Trustee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

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

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

Section 8.22. City, Trustee, Servicer, Bondholder Representative and Bond Purchaser Not in Control; No Partnership. None of the covenants or other provisions contained in this Loan Agreement shall, or shall be deemed to, give the City, the Trustee, the Servicer, the Bondholder Representative or the Bond Purchaser the right or power to exercise control over the affairs or management of the Borrower, the power of the City, the Trustee, the Servicer, the Bondholder Representative and the Bond Purchaser being limited to the rights to exercise the remedies referred to in the Bond Documents. The relationship between the Borrower and the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Bond Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or any Bondholder or to create an equity in the Project in the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or any Bondholder. None of the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser nor any Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Loans, except as expressly provided in the Bond Documents; and notwithstanding any other provision of the Bond Documents: (a) the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower, or its stockholders, members, or partners and the City, the Trustee, the Servicer, the Bondholder

Representative, the Bond Purchaser and the Bondholders do not intend to ever assume such status; (b) the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (c) the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser and the Bondholders shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or their respective stockholders, members, or partners. The City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholders and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser, the Bondholders and the Borrower or either of them, or to create an equity in the Project in the City, the Trustee, the Servicer, the Bondholder Representative, the Bond Purchaser or the Bondholders, or any sharing of liabilities, losses, costs or expenses.

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

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

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

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

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

ARTICLE IX SPECIAL PROVISIONS

Section 9.1. Sale of Bonds and Secondary Market Transaction.

Section 9.1.1. Cooperation. At the Servicer or Bondholder Representative's written request (to the extent not already required to be provided by the Borrower under this Loan Agreement), the Borrower shall reasonably cooperate (at no cost or expense and at no liability

or potential liability to Borrower and any guarantor) with the Servicer or Bondholder Representative in connection with obtaining a rating or with one or more sales or assignments of all or a portion of the Bonds or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Bonds (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that (a) neither the Borrower nor the City shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs including, without limitation, any costs associated with receiving a rating on the Bonds, shall be paid by the Servicer or Bondholder Representative, and (b) in no event shall Borrower or any guarantor be required to execute any documents which would adversely affect any of their respective rights or obligation under this Loan Agreement or the other Loan Documents or Bond Documents or make additional representations (other than reaffirming representations as provided below).

Without limiting the generality of the foregoing, the Borrower shall, so long as one or both of the Loans is still Outstanding and at no cost, expense, liability or potential liability to Borrower and any guarantor:

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

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

(c) execute such amendments to the Bond Documents as may be reasonably necessary to accommodate such Secondary Market Transaction so long as such amendment does not affect the economic terms of the Bond Documents, does not increase the Borrower's liabilities or obligations under the Bond Documents and does not materially affect the Borrower's rights or remedies under the Bond Documents, in its reasonable discretion.

Section 9.1.2. Use of Information. The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall reasonably cooperate, at no cost, expense, liability or potential liability to Borrower and any guarantor, subject to Section 9.1.1(c), with the Servicer and Bondholder Representative in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information (to the extent reasonably available) pertaining to the Borrower and the Project reasonably necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information, provided that the recipient of any such information executes a nondisclosure agreement in form and substance reasonably satisfactory to the Borrower.

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

Section 9.1.4. Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee, the City, its members, and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Bondholder Representative, the Servicer, the Bond Purchaser, the Trustee, the City or the

Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Servicer, the Bondholder Representative, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Servicer, the Bondholder Representative or the Underwriter Group in connection with defending or investigating such Liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties; and provided further, the Borrower shall have no liability if any member of the Underwriter Group fails to disclose any or all of the Provided Information or modifies or changes any of the Provided Information without the prior written consent of the Borrower.

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

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

Section 9.1.7. Additional Rights of the City. Notwithstanding any other provision of this Section 9.1, Borrower shall provide or cause to be provided to the City the final form of any Secondary Market Disclosure Document at least five (5) Business Days prior to its dissemination in the market. Notwithstanding any other provision of this Section 9.1, Borrower shall not cooperate in providing any information for a Secondary Market Disclosure Document, and shall not consent to the inclusion of any such information in a Secondary Market Disclosure Document, unless it has received written confirmation from the City that any information concerning the City contained in such Secondary Market Disclosure Document or omitted therefrom is acceptable to the City in its sole and absolute discretion.

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

CITY AND COUNTY OF SAN FRANCISCO,
CALIFORNIA

By: _____
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

2675 FOLSOM OWNER, LP,
a California limited partnership

[TO COME]

[Signature Page to Loan Agreement - 2675 Folsom Street Apartments]

EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

1. Conflict of Interest. Through its execution of this Loan Agreement, Borrower acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Loan Agreement.

2. Proprietary or Confidential Information of City. Borrower understands and agrees that, in the performance of the work or services under this Loan Agreement or in contemplation thereof, Borrower may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Borrower agrees that all information disclosed by City to Borrower shall be held in confidence and used only in performance of the Loan Agreement. Borrower shall exercise the same standard of care to protect such information as a reasonably prudent Borrower would use to protect its own proprietary data.

3. Local Business Enterprise Utilization; Liquidated Damages.

a. **The LBE Ordinance.** Borrower shall comply with all the requirements of the Local Business Enterprise and Non-Discrimination in Contracting Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase Borrower's obligations or liabilities, or materially diminish Borrower's rights, under this Loan Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Loan Agreement as though fully set forth in this section. Borrower's willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Borrower's obligations under this Loan Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Loan Agreement, to exercise any of the remedies provided for under this Loan Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Loan Agreement expressly provides that any remedy is exclusive. In addition, Borrower shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. **Enforcement.** If Borrower willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Loan Agreement pertaining to LBE participation, Borrower shall be liable for

liquidated damages in an amount equal to Borrower's net profit on this Loan Agreement, or 10% of the total amount of this Loan Agreement, or \$1,000, whichever is greatest. The Director of the City's Contracts Monitoring Division or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of CMD") may also impose other sanctions against Borrower authorized in the LBE Ordinance, including declaring the Borrower to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Borrower's LBE certification. The Director of CMD will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17. By entering into this Loan Agreement, Borrower acknowledges and agrees that any liquidated damages assessed by the Director of the CMD shall be payable to City upon demand. Borrower further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Borrower on any contract with City. Borrower agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Loan Agreement, and shall make such records available for audit and inspection by the Director of CMD or the Controller upon request.

4. Nondiscrimination; Penalties.

a. **Borrower Shall Not Discriminate.** In the performance of this Loan Agreement, Borrower agrees not to discriminate against any employee, City and County employee working with such Borrower or Subcontractor, applicant for employment with such Borrower or Subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. **Subcontracts.** Borrower shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all Subcontractors to comply with such provisions. Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Loan Agreement.

c. **Nondiscrimination in Benefits.** Borrower does not as of the date of this Loan Agreement and will not during the term of this Loan Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

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

e. **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Loan Agreement as though fully set forth herein. Borrower shall comply fully with and be bound by all of the provisions that apply to this Loan Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Borrower understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Loan Agreement may be assessed against Borrower and/or deducted from any payments due Borrower.

5. **MacBride Principles—Northern Ireland.** Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Loan Agreement on behalf of Borrower acknowledges and agrees that he or she has read and understood this section.

6. **Tropical Hardwood and Virgin Redwood Ban.** Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges Borrowers not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

7. **Drug-Free Workplace Policy.** Borrower acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Borrower agrees that any violation of this prohibition by Borrower, its employees, agents or assigns will be deemed a material breach of this Loan Agreement.

8. **Resource Conservation.** Chapter 5 of the San Francisco Environment Code (“Resource Conservation”) is incorporated herein by reference. Failure by Borrower to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

9. **Compliance with Americans with Disabilities Act.** Borrower acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a Borrower, must be accessible to the disabled public. Borrower shall provide the services specified in this Loan Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Borrower agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Loan Agreement and further agrees that any violation of this prohibition on the part of Borrower, its employees, agents or assigns will constitute a material breach of this Loan Agreement.

10. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, Borrowers' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

11. Limitations on Contributions. Through execution of this Loan Agreement, Borrower acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Borrower acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Borrower further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Borrower's board of directors; Borrower's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Borrower; any Subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Borrower. Additionally, Borrower acknowledges that Borrower must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Borrower further agrees to provide to City the names of each person, entity or committee described above.

12. Requiring Minimum Compensation for Covered Employees.

a. Borrower agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Loan Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of Borrower's obligations under the MCO is set forth in this Section. Borrower is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Borrower to pay Borrower's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Borrower is obligated to keep informed of the then-current requirements. Any subcontract entered into by Borrower

shall require the Subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Borrower's obligation to ensure that any Subcontractors of any tier under this Loan Agreement comply with the requirements of the MCO. If any Subcontractor under this Loan Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Borrower.

c. Borrower shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Borrower shall maintain employee and payroll records as required by the MCO. If Borrower fails to do so, it shall be presumed that the Borrower paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Borrower's job sites and conduct interviews with employees and conduct audits of Borrower.

f. Borrower's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Loan Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Borrower fails to comply with these requirements. Borrower agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Borrower's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Borrower understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Loan Agreement for violating the MCO, Borrower fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Borrower fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Borrower represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Borrower is exempt from the MCO when this Loan Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Borrower later enters into an agreement or agreements that cause Borrower to exceed that amount in a fiscal year, Borrower shall thereafter be required to comply with the MCO under this Loan Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Borrower and this department to exceed \$25,000 in the fiscal year.

13. Requiring Health Benefits for Covered Employees.

Borrower agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Loan Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Loan Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Borrower shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Borrower chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Borrower is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Borrower's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Borrower if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Loan Agreement for violating the HCAO, Borrower fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Borrower fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Borrower shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Borrower shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Borrower shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Borrower based on the Subcontractor's failure to comply, provided that City has first provided Borrower with notice and an opportunity to obtain a cure of the violation.

e. Borrower shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Borrower's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Borrower represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Borrower shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Borrower shall keep itself informed of the current requirements of the HCAO.

i. Borrower shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Borrower shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Borrower shall allow City to inspect Borrower's job sites and have access to Borrower's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Borrower to ascertain its compliance with HCAO. Borrower agrees to cooperate with City when it conducts such audits.

m. If Borrower is exempt from the HCAO when this Loan Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Borrower later enters into an agreement or agreements that cause Borrower's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Borrower and the City to be equal to or greater than \$75,000 in the fiscal year.

14. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, Borrower may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Loan Agreement. Borrower agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Borrower violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Loan Agreement, and (ii) prohibit Borrower from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Borrower's use of profit as a violation of this section.

15. Preservative-treated Wood Containing Arsenic. Borrower may not purchase preservative-treated wood products containing arsenic in the performance of this Loan Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Borrower may purchase preservative-treated wood products on the list of environmentally preferable alternatives

prepared and adopted by the Department of the Environment. This provision does not preclude Borrower from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

16. Compliance with Laws. Borrower shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Loan Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

17. Protection of Private Information. Borrower has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Borrower agrees that any failure of Borrower to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Borrower pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Borrower.

18. Food Service Waste Reduction Requirements. Borrower agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Loan Agreement as though fully set forth. This provision is a material term of this Loan Agreement. By entering into this Loan Agreement, Borrower agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Borrower agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Loan Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Borrower's failure to comply with this provision

19. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any Borrower, Subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A Borrower, Subcontractor or consultant will be deemed to have submitted a false claim to the City if the Borrower, 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.

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

21. Prevailing Wages. Borrower understands and agrees that all provisions of Section 1770, et seq., of the California Labor Code are required to be incorporated into every contract for any public work or improvement and are hereby incorporated into this contract. Borrower also understands and agrees that all provisions of Section 6.22E and 6.22F of the San Francisco Administrative Code are hereby incorporated into this Loan Agreement. Borrower also understands and agrees that all applicable provisions of the Davis-Bacon Act (40 U.S.C. §§3141 et seq.) are hereby incorporated into this Loan Agreement.