

FUNDING LOAN AGREEMENT

by and among

UNION BANK, N.A. as Fiscal Agent,

UNION BANK, N.A. as Funding Lender,

and

CITY AND COUNTY OF SAN FRANCISCO, as Governmental Lender

dated as of November 1, 2013

relating to:

**[\$[Par Amount]
City and County of San Francisco
Multifamily Housing Revenue Note,
(Tenderloin Family Housing)
2013 Series C**

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FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT, dated as of November 1, 2013 (the “**Funding Loan Agreement**”), is by and among UNION BANK, N.A., in its capacity as the funding lender hereunder (together with any successor to its rights, duties and obligations hereunder, the “**Funding Lender**”), the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations hereunder, the “**Governmental Lender**”) and UNION BANK, N.A., in its capacity as the fiscal agent hereunder (together with any successor to its rights, duties and obligations hereunder, the “**Fiscal Agent**”).

RECITALS

WHEREAS, the Governmental Lender is authorized to provide financing for multifamily rental housing pursuant to and in accordance with the Charter of the City and County of San Francisco, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended (the “Act”); and

WHEREAS, the Governmental Lender is authorized: (a) to make loans to any person to provide financing for rental residential developments located within the City and County of San Francisco (the “City”) and intended to be occupied in part by persons of low and moderate income; (b) to incur indebtedness for the purpose of obtaining moneys to make such loans and provide such financing, to establish any required reserve funds and to pay administrative costs and other costs incurred in connection with the incurrence of such indebtedness of the Governmental Lender; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the payment of the principal of, prepayment premium, if any, on and interest on such indebtedness of the Governmental Lender; and

WHEREAS, Tenderloin Family Housing, L.P., a California limited partnership (the “Borrower”), has requested the Governmental Lender to enter into this Funding Loan Agreement under which the Funding Lender (i) will advance funds (the “Funding Loan”) to or for the account of the Governmental Lender, and (ii) apply the proceeds of the Funding Loan to make a loan (the “Borrower Loan”) to the Borrower to finance the acquisition and rehabilitation of a multifamily rental housing development located in the City known as Tenderloin Family Housing (the “Project”); and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender, the Funding Lender and the Borrower will enter into a Borrower Loan Agreement dated as of November 1, 2013 (as it may be supplemented or amended, the “Borrower Loan Agreement”), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Promissory Note (Multifamily Back to Back Loan Program) dated the Closing Date (the “Borrower Note”) and the obligations of the Borrower under the Borrower Note will be secured by a lien on and security interest in the Project pursuant to a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing Construction Trust Deed (Multifamily Housing Back to Back Loan Program) dated as of November 1, 2013 (the “Deed of Trust”), made by the Borrower in favor of the Governmental Lender, as assigned to the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender its Multifamily Housing Revenue Note (Tenderloin Family Housing), 2013 Series C, dated as of the Closing Date (the “Governmental Lender Note”), evidencing its obligation to make the payments due to the Funding Lender under the Funding Loan as provided in this Funding Loan Agreement, all things necessary to make the Funding Loan Agreement, the valid, binding and legal limited obligations of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Note, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the Governmental Lender is entering into this Funding Loan Agreement and the Borrower Loan Agreement solely as a “conduit issuer” and the Funding Loan and the Governmental Lender Note will be limited obligations of the Governmental Lender as described in Article V hereof;

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions. The following words and terms as used in this Agreement shall have the following meanings unless the context or use otherwise requires:

“**Act**” means the Charter of the City and County of San Francisco, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended, as now in effect and as it may from time to time hereafter be amended or supplemented to apply to obligations incurred as of the Closing Date.

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

“**Assignment of Deed of Trust**” means that certain Assignment of Deed of Trust and Related Documents dated November 1, 2013, executed by Governmental Lender in favor of Funding Lender.

“**Authorized Amount**” shall mean \$[Par Amount], the maximum principal amount of the Funding Loan under this Funding Loan Agreement.

“**Authorized Denomination**” shall mean \$250,000 principal amount and any multiple of \$5,000 in excess thereof.

“**Authorized Governmental Lender Representative**” shall mean the Mayor, the Director of the Mayor’s Office of Housing and the Director of Housing Development of the Mayor’s Office of Housing, or such other person at the time designated to act on behalf of the Governmental Lender as evidenced by a written certificate furnished to the Funding Lender and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender by an Authorized Governmental Lender Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Governmental Lender Representative.

“**Borrower**” means Tenderloin Family Housing, L.P., and its successors and assigns.

“**Borrower Loan**” means the mortgage loan originated by the Governmental Lender to the Borrower in the principal amount of \$[Par Amount] pursuant to the terms of the Borrower Loan Agreement.

“**Borrower Loan Agreement**” means that certain Borrower Loan Agreement, dated as of November 1, 2013, by and among the Borrower, the Governmental Lender and Funding Lender, as amended and supplemented from time to time, pursuant to which the Borrower Loan is being made.

“**Borrower Loan Documents**” shall have the meaning ascribed in it in the Borrower Loan Agreement.

“**Borrower Loan Payments**” shall mean the loan payments payable pursuant to the Borrower Note.

“**Borrower Note**” means that certain Promissory Note (Multifamily Back to Back Loan Program) evidencing the Borrower Loan, executed by the Borrower in favor of Governmental Lender.

“**Borrower Representative**” means the [_____ or _____ of the _____ of the Borrower, or any other officer of the _____ of the Borrower designated by the _____ or the _____ of the _____ of the Borrower to be a Borrower Representative for purposes of the Borrower Loan Documents].

“**Business Day**” means a day other than a Saturday or Sunday on which the Funding Lender is open for business for the funding of corporate loans.

“**CDLAC**” means the California Debt Limit Allocation Committee or any successor thereto.

“**Closing Date**” means [Closing Date], being the date of execution and delivery of the Governmental Lender Note for purposes of the Code.

“**Code**” means the Internal Revenue Code of 1986 as in effect on the date of execution and delivery of the Governmental Lender Note and (except as otherwise referenced herein) as it may be amended, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“**Control**” shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“**County**” means the City and County of San Francisco, California.

“**Deed of Trust**” means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing Construction Trust Deed (Multifamily Housing Back to Back Loan Program), executed by the Borrower and granting a security interest in the Project to the deed of trust trustee identified therein for the benefit of the Governmental Lender and Funding Lender to secure the Borrower’s obligations under the Borrower Note to repay the Borrower Loan, and all obligations related thereto under the Borrower Loan Agreement.

“**Event of Default**” means any of the events described as an event of default in Section 11.1 hereof.

“**Fiscal Agent**” means Union Bank, N.A., and its successors and assigns in its capacity as the fiscal agent hereunder.

“**Fiscal Agent’s Fees**”

(a) the annual administration fees of the Fiscal Agent, for the ordinary services of the Fiscal Agent rendered under this Funding Loan Agreement during each twelve month period, in advance, which fee is equal to \$2,500 initially due and payable on the Closing Date and \$1,500 annually thereafter, together with transactional charges set forth in its fee agreement with the Borrower; and

(b) the reasonable fees and charges of the Fiscal Agent for necessary extraordinary services rendered by it and/or reimbursement for extraordinary expenses incurred by it under this Funding Loan Agreement as and when the same become due, including reasonable fees and expenses of legal counsel and internal default administrators (including fees prior to litigation, at trial or for appellate proceedings); provided, however, that the Fiscal Agent shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Fiscal Agent shall have been made.

“**Funding Lender**” means Union Bank, N.A., and its successors and assigns in its capacity as the funding lender hereunder.

“**Funding Loan**” means the loan originated hereunder by the Funding Lender to the Governmental Lender in an aggregate principal amount of up to \$[Par Amount], evidenced by the Governmental Lender Note, for the purpose of enabling the Governmental Lender to make the Borrower Loan to the Borrower pursuant to the terms of the Borrower Loan Agreement.

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

“**Funding Loan Documents**” means this Funding Loan Agreement, the Governmental Lender Note, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificate and the Assignment of Deed of Trust.

“**Governmental Lender**” means the City and County of San Francisco and its successors and assigns.

“**Governmental Lender Note**” means the promissory note evidencing the Funding Loan, executed by the Governmental Lender in favor of the Funding Lender, in the form attached hereto as Exhibit A.

“**Investor Letter**” shall mean a letter in substantially the form attached to this Funding Loan Agreement as Exhibit B, duly executed by the holder of the Governmental Lender Note and delivered to the Governmental Lender.

“**Maturity Date**” means [_____].

“**Ongoing Governmental Lender Fee**” shall mean the annual fee of the Governmental Lender, payable as provided in Section 18 of the Regulatory Agreement.

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

“**Pledged Revenues**” shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Funding Loan and the Governmental Lender Note, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Reserved Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Note, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon.

“**Project**” means the acquisition and rehabilitation of the residential rental facility consisting of 175 units of multifamily rental housing located at 201 Turk Street in the City and County of San Francisco, California, on the site described in the Deed of Trust and Exhibit A to the Regulatory Agreement.

“**Qualified Project Costs**” means “Good Costs” as such term is defined in the Tax Certificate.

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

“**Regulatory Agreement**” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of November 1, 2013, by and between the Governmental Lender and the Borrower, as amended and supplemented from time to time in accordance with its terms.

“**Reserved Rights**” means the Governmental Lender’s rights to enforce and receive payments of money directly and for its own purposes under Exhibit “C” to, and Sections 7.24, 7.27, 7.29 and 11.4 (solely as such Sections relate to the Governmental Lender) of the Borrower Loan Agreement, the Governmental Lender’s rights to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys’ fees and related expenses, its right to enforce the Borrower’s covenants to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Governmental Lender), its right to receive notices and to grant or withhold consents or waivers under any of the Regulatory Agreements and this Funding Loan Agreement, its rights to indemnification by the Borrower under Section 7.24 of the Loan Agreement and Section 9 of the Regulatory Agreement, and its rights to amend this Funding Loan Agreement and the Regulatory Agreement in accordance with the provisions hereof and thereof.

“**Requisition**” shall have the meaning ascribed to it in Section 9.6(c).

“**Security**” shall have the meaning ascribed to it in Section 7.1.

“**State**” means the State of California.

“**Tax Certificate**” means the Tax Certificate and Agreement of the Borrower and the Governmental Lender dated the Closing Date.

“**Tax Counsel**” means (a) Orrick, Herrington & Sutcliffe LLP, or (b) any attorney at law or other firm of attorneys selected by the Borrower and acceptable to the Governmental Lender and Funding Lender of nationally recognized standing in matters pertaining to the federal tax status of interest on tax exempt obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

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 Funding 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.

1.3 Recitals, Titles and Headings. The terms and phrases used in the recitals of this Funding Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Funding Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Funding 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 Funding Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

2.1 Terms.

(a) Principal Amount. The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount.

(b) Draw-Down Funding. The Funding Loan is originated on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Funding Lender directly to the Fiscal Agent as and when needed to make each advance in accordance with the disbursement provisions of the Borrower Loan Agreement. Upon each advance of principal under the Borrower Loan Agreement, a like amount of the Funding Loan shall be deemed concurrently and simultaneously advanced under this Funding Loan Agreement, including the initial advance of \$[Initial Draw]. Subject to the terms and conditions of the Borrower Loan Agreement, the Funding Lender agrees to advance to the Fiscal Agent an amount equal to \$[Initial Draw] on the Closing Date, and the Funding Lender agrees to correspondingly and simultaneously advance this amount for the account of the Governmental Lender under this Funding Loan Agreement as an advance on the Funding Loan.

(c) Origination Date; Maturity. The Funding Loan shall be originated on the Closing Date and shall mature on the Maturity Date at which time the entire principal amount of the Funding Loan, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(d) Principal. The outstanding principal amount of the Governmental Lender Note and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender to or for the account of the Governmental Lender to fund corresponding advances under the Borrower Loan Agreement as proceeds of the Borrower Loan, less any payments of principal of the Governmental Lender Note previously received from payments of corresponding principal amounts under the Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the

Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Funding Lender shall keep a record of all principal advances and principal repayments made under the Governmental Lender Note and shall upon written request provide the Governmental Lender with a statement of the outstanding principal balance of the Governmental Lender Note and the Funding Loan.

(e) Interest. Interest shall be paid on the outstanding principal amount of the Governmental Lender Note at the rate or rates set forth in the Borrower Note and otherwise as set forth in the Borrower Loan Agreement.

(f) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, premium, if any, due on the Borrower Note shall be deemed to be like payments or prepayments of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note.

2.2 Form of Governmental Lender Note. As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Note. The Governmental Lender Note shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement.

2.3 Execution and Delivery of Governmental Lender Note. The Governmental Lender Note shall be executed on behalf of the Governmental Lender by the manual signature of an Authorized Governmental Lender Representative. The signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the delivery of the Governmental Lender Note or shall not have held such offices at the date of the Governmental Lender Note.

2.4 Investor Letter; Participations; Sale and Assignment.

(a) The Funding Lender shall deliver to the Governmental Lender a signed Investor Letter in substantially the form attached hereto as Exhibit B on the Closing Date.

(b) The Funding Lender may not sell or assign the Governmental Lender Note and the Funding Loan except in whole to a transferee who agrees to become the “Funding Lender” under the Funding Loan Documents and assume all of the obligations and perform all of the duties of the Funding Lender thereunder, but the Funding Lender shall have the right to sell participation interests in the Governmental Lender Note and the Funding Loan in Authorized Denominations, provided that the Governmental Lender Note and the Funding Loan or such interests shall be sold only to purchasers that execute and deliver to the Funding Lender, with a copy to the Governmental Lender, an Investor Letter. Notwithstanding the preceding sentence,

no Investor Letter shall be required for the Funding Lender to (i) assign the Governmental Lender Note and the Funding Loan or participation interests in the Governmental Lender Note and the Funding Loan to any Affiliate of the Funding Lender or (ii) sell or assign the Governmental Lender Note and the Funding Loan or participation interests in the Governmental Lender Note and the Funding Loan to a Qualified Institutional Buyer as defined in Rule 144A of the Securities Act (a “QIB”) or to a special purpose entity, a trust or custodial arrangement interests in which may be sold (with appropriate disclosure and acknowledgement of transfer restrictions) or transferred only in Authorized Denominations to (A) QIBs or (B) “accredited investors” as defined in Section 501(a) of Regulation D promulgated under the Securities Act who deliver to the Funding Lender, with a copy to the Governmental Lender, an Investor Letter or (iii) sell or assign the Governmental Lender Note and the Funding Loan (or a participation therein) if the Governmental Lender Note is then rated “A” or better by at least one Rating Agency.

(c) No service charge shall be made for any sale or assignment of any portion of the Governmental Lender Note, but the Governmental Lender may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such sale or assignment. Such sums shall be paid in every instance by the purchaser or assignee of the Funding Loan or portion thereof.

(d) The Governmental Lender may require the payment by the entity requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer. The cost of printing any new Governmental Lender Note and any services rendered or any out-of-pocket expenses incurred by the Governmental Lender in connection therewith shall be paid by the transferor of the Governmental Lender Note.

(e) The Funding Lender shall indemnify and defend the Governmental Lender against any claim brought by any transferor or transferee of the Governmental Lender Note in respect of the Borrower Loan Documents in the event that the Funding Lender permits a transfer of the Governmental Lender Note in violation of the restrictions in this Section.

2.5 Note Registrar. The Governmental Lender Note shall be in fully registered form. The Funding Lender shall maintain records (the “Note Register”) as to the owner of the Governmental Lender Note. Any transfer by the Funding Lender of its ownership of the Governmental Lender Note (or by any subsequent transferee of the Governmental Lender Note) shall be recorded by the Funding Lender in the Note Register.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Governmental Lender. The Governmental Lender makes the following representations and warranties:

(a) The Governmental Lender is a municipal corporation, duly organized and existing under the laws of the State.

(b) Under the provisions of the Act, the Governmental Lender has the power, and has taken all official actions necessary (i) to enter into the Funding Loan Documents to

which it is a party, or (ii) to perform its obligations hereunder and thereunder, and (iii) to consummate all other transactions on its part contemplated by this Funding Loan Agreement.

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

(d) The execution and delivery of Funding Loan Documents to which it is a party, the performance by the Governmental Lender of its obligations hereunder and thereunder and the consummation of the transactions on its part contemplated hereby and thereby, will not violate any law, rule, regulation 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 the terms and conditions of any agreement, instrument or commitment to which the Governmental Lender is a party or by which the Governmental Lender or any of its property is bound.

(e) The Governmental Lender has not been served with any action, suit, proceeding, inquiry or investigation or, to the knowledge of the Governmental Lender, no action, suit, proceeding, inquiry or investigation is threatened against the Governmental Lender by or before any court, governmental agency or public board or body which (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any members of the governing board of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party, or the loaning of the Funding Loan as herein set forth; (iii) affects or questions the validity or enforceability of the Funding Loan Documents; or (iv) questions the power or authority of the Governmental Lender to carry out the transactions on its part contemplated by the Funding Loan Documents.

(f) The revenues and receipts to be derived from the Borrower Loan Agreement and the Borrower Note have not been pledged by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan evidenced by the Governmental Lender Note.

(g) The Governmental Lender will not create, authorize or approve any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

(h) CDLAC has provided an allocation of the State's [] private activity bond volume cap under Section 146 of the Code to the Governmental Lender for the Governmental Lender Note and the Governmental Lender [has timely made] any required carry forward election with respect to such allocation. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Governmental Lender Note; and, in connection

therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Lender Note that is required by section 3.03 of said Notice.

Nothing in this Funding Loan Agreement shall be construed as requiring the Governmental Lender to provide any financing for the Project other than the proceeds of the Funding Loan, or to provide sufficient moneys for all of the costs of the Project.

3.2 Representations, Warranties and Covenants of the Funding Lender. The Funding Lender as of the date hereof, represents, warrants and covenants that:

(a) The Funding Lender is a national banking association, organized and existing under the laws of the United States and has full legal right, power and authority under the laws of the United States (i) to enter into this Funding Loan Agreement, the Borrower Loan Agreement and the Assignment Agreement, (ii) to perform its obligations hereunder, and (iii) to consummate the transactions on its part contemplated by this Funding Loan Agreement and the Borrower Loan Agreement.

(b) This Funding Loan Agreement, the Borrower Loan Agreement and the Assignment Agreement have been duly executed and delivered by the Funding Lender and, when executed by the Governmental Lender and Borrower, as applicable, will constitute valid and binding obligations of the Funding Lender, enforceable against the Funding Lender in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally.

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

(d) The Funding Lender has not been served with and, to the knowledge of the Funding Lender, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Funding Lender which (i) affects or seeks to prohibit, restrain or enjoin the loaning of the amounts set forth herein to the Governmental Lender or the execution and delivery of this Funding Loan Agreement, the Borrower Loan Agreement or the Assignment Agreement, (ii) affects or questions the validity or enforceability of this Funding Loan Agreement or the Borrower Loan Agreement, or (iii) questions the power or authority of the Funding Lender to carry out the transactions on its part contemplated by, or to perform its obligations under, this Funding Loan Agreement and the Borrower Loan Agreement.

(e) Any certificate for the benefit of Governmental Lender signed by a representative of the Funding Lender and delivered pursuant to this Funding Loan Agreement,

the other Funding Loan Documents or the Borrower Loan Agreement shall be deemed a representation and warranty by the Funding Lender as to the statements made therein.

ARTICLE IV **THE FUNDING LOAN**

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

(a) the Funding Lender shall have received an original executed counterpart of this Funding Loan Agreement, the Governmental Lender Note, the Assignment of Deed of Trust, the Regulatory Agreement, the Deed of Trust, the original of the Borrower Note endorsed by the Governmental Lender to the Funding Lender, and all of the Borrower Loan Documents;

(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 Funding Loan Agreement shall have occurred as evidenced by a certificate received from the Governmental Lender;

(c) the conditions to the closing of the Borrower Loan, the execution and delivery of the Borrower Note and the initial disbursement of the Borrower Loan as set forth in Sections 4.1, 4.2 (including, but not limited to, Sections 4.2.2, 4.2.3, 4.2.6(b), 4.2.9) ,and 5.1.1 of the Borrower Loan Agreement, shall have been satisfied in full;

(d) counsel to the Borrower shall have delivered an opinion in form satisfactory to counsel to the Governmental Lender and counsel to the Funding Lender regarding the enforceability against the Borrower of the Borrower Loan Documents to which the Borrower is a party;

(e) the initial owners of the Governmental Lender Note shall have executed and delivered a letter in the form of Exhibit B hereto; and

(f) all legal matters incident to the transactions contemplated by this Funding Loan Agreement shall be concluded to the reasonable satisfaction of Tax Counsel, counsel to the Governmental Lender, counsel to the Funding Lender and counsel to the Fiscal Agent.

4.2 Commitment to Execute the Governmental Lender Note. The Governmental Lender agrees to execute and deliver the Governmental Lender Note simultaneously with the execution of this Funding Loan Agreement, the Borrower Loan Agreement, the Borrower Note, the Tax Certificate and the Regulatory Agreement.

4.3 Amount and Source of Funding Loan. The Funding Lender hereby makes to the Governmental Lender and agrees to fund, and the Governmental Lender hereby accepts from the Funding Lender, upon the terms and conditions set forth herein, the Funding Loan in an aggregate principal amount of up to \$[Par Amount], and agrees to have the proceeds of the Funding Loan applied and disbursed in accordance with the provisions of this Funding Loan Agreement.

4.4 Disbursement of Funding Loan Proceeds.

(a) The Funding Lender and the Governmental Lender hereby authorize and direct the funding and disbursement by the Funding Lender of the initial principal amount of the Funding Loan in the amount of \$[Initial Draw] on the Closing Date, subject to the satisfaction of all the conditions specified in Section 4.1 above. On the date of execution and delivery of the Funding Loan Note, and the date of execution and delivery of the Borrower Note, such initial proceeds of the Funding Loan shall be disbursed by the Funding Lender, on behalf of the Governmental Lender, to the escrow agent for the closing of the Borrower Loan to fund the Borrower Loan under and as provided in Section 5.1.2 of the Borrower Loan Agreement.

(b) The Funding Lender and the Governmental Lender hereby authorize and direct the funding and disbursement of the remaining principal amount of the Funding Loan (not referenced in Section 4.4(a) above or 4.4(c) below) by the Funding Lender, on behalf of the Governmental Lender, directly to the Fiscal Agent to fund the remaining principal of the Borrower Loan under and as provided in, and subject to the provisions of, Section 5 of the Borrower Loan Agreement (other than Section 5.1.1).

(c) Prior to the Conversion Date, Funding Lender shall disburse directly to Funding Lender on the first Business Day of each month, the accrued interest under the Funding Loan and Funding Lender will provide Fiscal Agent with written notice of the amount disbursed pursuant to this Section 4.4(c).

(d) None of the Funding Lender, the Governmental Lender, or the Fiscal Agent shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.4.

(e) From and after the earlier of (i) the Conversion Date (as defined in the Borrower Loan Agreement), or (ii) the date which is three years after the Closing Date), no further advances of the Funding Loan shall occur.

ARTICLE V

LIMITED LIABILITY

5.1 Source of Payment of Funding Loan and Other Obligations.

(a) The Funding Loan and the Governmental Lender Note are limited obligations of the Governmental Lender, payable solely from the Pledged Revenues and other funds and moneys and Security pledged and assigned hereunder. None of the Governmental Lender, the City, the State or any political subdivision thereof (except the Governmental Lender, to the limited extent authorized by the Act and set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or the Governmental Lender Note or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and, notwithstanding anything herein or in any other instrument to the contrary, none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

(b) The Funding Loan and the Governmental Lender Note, together with the interest and premium, if any, thereon and the purchase price thereof, shall not be deemed to constitute a debt or liability of the Governmental Lender, the State or of any political subdivision or public agency thereof or a pledge of the faith and credit of the Governmental Lender, the City, the State or any political subdivision or public agency thereof, but, notwithstanding anything herein or in any other instrument to the contrary, shall be payable solely from the funds provided therefor pursuant to this Funding Loan Agreement. The Funding Loan and the Governmental Lender Note are only limited obligations of the Governmental Lender as provided by the Act, and, notwithstanding anything herein or in any other instrument to the contrary, neither the Governmental Lender nor any public agency shall under any circumstances be obligated to pay the Funding Loan or the Governmental Lender Note except from the Security.

(c) Neither the faith and credit nor the taxing power of the State, the Governmental Lender, any public agency or any political subdivision of the State is pledged to the payment of the principal of, premium, if any, purchase price of or interest on the Funding Loan or the Governmental Lender Note, nor is the State, the Governmental Lender, any public agency or any political subdivision of the State, in any manner obligated to make any appropriation for such payment.

(d) Notwithstanding anything herein or in any other instrument to the contrary, no recourse shall be had for the payment of the principal of, premium, if any, or interest on the Funding Loan or the Governmental Lender Note or for any claim based thereon or upon any obligation, covenant or agreement in this Funding Loan Agreement contained (except from the Security), against the Governmental Lender, any past, present or future member of its governing body, its officers, attorneys, accountants, financial advisors, agents or staff, or the officers, attorneys, accountants, financial advisors, agents or staff of any successor public entity, as such, either directly or through the Governmental Lender or any successor public entity, under any rule of law or penalty or otherwise, and all such liability of the Governmental Lender, any member of its governing body and its officers, attorneys, accountants, financial advisors, agents and staff is hereby expressly waived and released as a condition of, and in consideration for, the execution of this Funding Loan Agreement.

5.2 Exemption from Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future commissioner, officer, director, employee or agent of the Governmental Lender in his individual capacity, and neither the commissioners, the officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Note or this Funding Loan Agreement shall be liable personally on the Governmental Lender Note or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Note or the execution of this Funding Loan Agreement.

ARTICLE VI

FURTHER AGREEMENTS

6.1 Successor to the Governmental Lender. The Governmental Lender will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in

it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

6.2 Additional Instruments. The Governmental Lender hereby covenants to execute and deliver, or cause to be executed and delivered, at the expense of the Borrower, such additional instruments and to perform such additional acts, or cause the performance of such additional acts, as may be necessary, in the written opinion of the Funding Lender, acting in good faith, to carry out the intent of this Funding Loan Agreement and the Governmental Lender Note or to perfect or give further assurances of any of the rights granted, or provided for in this Funding Loan Agreement, the Assignment of Deed of Trust or the other Funding Loan Documents.

6.3 Books and Records. The Governmental Lender shall, solely by the execution of the Borrower Loan Agreement and the assignment thereof to the Funding Lender, and subject to the provisions of Sections 5.1, 5.2 and 6.13 hereof, cause the Borrower to permit the Funding Lender or its duly authorized representatives access during normal business hours to the books and records of the Borrower pertaining to the Borrower Loan and the Project, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Governmental Lender, the Funding Lender and their duly authorized representatives, and at the sole expense of the Borrower.

6.4 Notice of Certain Events. The Governmental Lender hereby covenants to advise the Funding Lender promptly in writing of the occurrence of any Event of Default under and as defined in the Borrower Loan Agreement, Regulatory Agreement or the other Funding Loan Documents of which it has received written notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default thereunder of which it has received written notice, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In Section 7.23 of the Borrower Loan Agreement, the Borrower has agreed to advise the Governmental Lender and the Funding Lender promptly in writing of the occurrence of any Event of Default (as defined in the Borrower Loan Agreement).

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

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

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

6.6 No Untrue Statements. Neither this Funding Loan Agreement nor any other document, certificate or written statement furnished to the Funding Lender by the Governmental Lender, contains to the best of its knowledge any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading or incomplete as of the date hereof. It is specifically understood by the Governmental Lender that all such statements, representations and warranties shall be deemed to have been relied upon by the Funding Lender as an inducement to make the Funding Loan and that if any such statements, representations and warranties were materially incorrect at the time they were made, the Funding Lender may consider any such misrepresentation or breach an Event of Default.

No document, certificate or written statement furnished to the Governmental Lender by the Funding Lender contains to the best of its knowledge any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading or incomplete as of the date hereof.

6.7 Tax Covenants. (a) Governmental Lender's Covenants. The Governmental Lender covenants to and for the benefit of the owner of the Governmental Lender Note that it will:

(i) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Governmental Lender Note or the money and investments held in the funds and accounts in any manner which would cause the Governmental Lender Note to be arbitrage bonds under Section 148 of the Code and the Regulations issued under Section 148 of the Code (the "Regulations") or which would otherwise cause the interest payable on the Governmental Lender Note to be includable in gross income for federal income tax purposes;

(ii) enforce or cause to be enforced all obligations of the Borrower under the Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Regulatory Agreement within a reasonable period after it first discovers or becomes aware of any such violation;

(iii) not take or cause to be taken any other action or actions, or fail to take any action or actions, if the same would cause the interest payable on the Governmental Lender Note to be includable in gross income for federal income tax purposes;

(iv) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Governmental Lender Note will be excluded from the gross income for federal income tax purposes, of the Bondholders pursuant to the Code, except in the event where any such owner of Governmental Lender Note is a "substantial

user” of the facilities financed with the Governmental Lender Note or a “related person” within the meaning of the Code; and

(v) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Governmental Lender Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations.

In furtherance of the covenants in this Section, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full, and by its acceptance of this Funding Loan Agreement the Fiscal Agent acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Funding Loan Agreement by this reference and agrees to comply with the terms specifically applicable to it. In the event of a conflict between the terms of this Funding Loan Agreement and the Tax Certificate, the terms of the Tax Certificate shall control.

6.8 Immunities and Limitations of Responsibility of Governmental Lender.

(a) The Governmental Lender shall be entitled to the advice of counsel, and the Governmental Lender shall be wholly protected as to action taken or omitted in reliance on such advice. The Governmental Lender may rely conclusively on any communication or other document furnished to it hereunder or under the Borrower Loan Agreement and reasonably believed by it to be genuine. The Governmental Lender shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Governmental Lender shall not be required to take any remedial action (other than the giving of notice) hereunder or under any of the other Funding Loan Documents unless indemnity in a form acceptable to the Governmental Lender is furnished for any expense or liability to be incurred in connection with such remedial action. The Governmental Lender shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the maximum rate of interest permitted under applicable law, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Governmental Lender may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

(b) A default by the Borrower in any of its covenants, representations and agreements in the Borrower Loan Agreement, Regulatory Agreement or Tax Certificate on which the Governmental Lender is relying in the various sections of this Article VI shall not be considered a default hereunder by the Governmental Lender.

(c) The Borrower has indemnified the Governmental Lender against certain acts and events as set forth in Section 7.24 of the Borrower Loan Agreement and Section 9 of

the Regulatory Agreement. Such indemnities shall survive payment of the Funding Loan and discharge of this Funding Loan Agreement.

ARTICLE VII **SECURITY**

7.1 Security for the Funding Loan. To secure the payment of the Funding Loan and the Governmental Lender Note, the Governmental Lender hereby grants, bargains, sells, conveys, assigns, transfers, hypothecates, pledges and sets over to the Funding Lender (excepting only the Reserved Rights) a lien on and security interest in the following described property (collectively, the “Security”):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Note, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Project and, including, without limitation, all Pledged Revenues, income, revenues, proceeds and other amounts to which Governmental Lender is entitled to derive from or in connection with the Project and the Borrower Loan Documents, including all amounts due under the Borrower Loan Agreement (except to the extent made on account of the Reserved Rights), the Borrower Note or the other Borrower Loan Documents and all amounts obtained after the exercise of the remedies provided in the Borrower Loan Documents and all receipts credited under the provisions of the Borrower Loan Agreement against said amounts payable;

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

(c) All right, title and interest of the Governmental Lender in and to (i) the right to collect and receive net proceeds of any policy of insurance maintained pursuant to the Borrower Loan Documents; (ii) any award or payment becoming payable to Governmental Lender under the Borrower Loan Documents by reason of any condemnation of the Project, any improvements located thereon or any conveyance in lieu of condemnation; and (iii) any bankruptcy, insolvency, reorganization or condemnation proceeding involving the Borrower or any Loan Party (as defined in the Borrower Loan Agreement) with respect to the Borrower Loan Documents;

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subject to the lien of this Funding Loan Agreement as additional security by Governmental Lender or anyone on its part or with its consent or which pursuant to any of the provisions hereof or the Borrower Loan Documents may come into the possession or control of the Funding Lender; and

(e) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held under this Funding Loan Agreement,

subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein.

The pledge and assignment of the security interest granted in the Security pursuant to this Section 7.1 for the payment of principal of, premium, if any, and interest on the Governmental Lender Note, in accordance with its terms and provisions and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Note by the Governmental Lender. The Security so pledged and/or thereafter received by Governmental Lender or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind whether in tort, contract or otherwise against Governmental Lender irrespective of whether such parties have notice thereof.

7.2 Delivery of Security. In connection with such pledge, assignment, transfer and conveyance of the Security pursuant to Section 7.1, Governmental Lender shall deliver to Funding Lender the following documents or instruments promptly following the execution and, to the extent applicable, their recordation or filing:

(a) The Borrower Note endorsed without recourse to the Funding Lender by the Governmental Lender;

(b) The Borrower Loan Agreement, Regulatory Agreement, Deed of Trust and the other Borrower Loan Documents existing on the Closing Date and the Assignment of Deed of Trust assigning for security purposes and without recourse the Deed of Trust and Borrower Loan Documents from the Governmental Lender to the Funding Lender;

(c) Uniform Commercial Code financing statements or other chattel security documents giving notice of Funding Lender's status as an assignee of the Governmental Lender's security interest in any personal property forming a part of the Project; and

(d) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement, in forms provided by the Funding Lender.

The Governmental Lender shall deliver and deposit with the Funding Lender such additional documents, financing statements and instruments as the Funding Lender may reasonably request in writing from time to time for the purpose of better perfecting and assuring to the Funding Lender its lien and security interest in and to the Security in each case in forms provided by the Funding Lender and at the expense of the Borrower.

ARTICLE VIII **AGENCY**

8.1 Appointment of Funding Lender as Agent. The Governmental Lender hereby irrevocably appoints the Funding Lender as its agent with full authority and power to act on its

behalf for the purposes set forth herein and to do all other acts necessary or incidental to the performance and execution thereof, except for the Reserved Rights.

8.2 Authority of the Funding Lender. The Funding Lender is authorized and agrees to advance monies on behalf of the Governmental Lender to fund the Borrower Loan upon satisfaction of the conditions set forth in the Borrower Loan Agreement and otherwise to act on behalf of the Governmental Lender under the Borrower Loan Documents, except for the Reserved Rights. Except for the Reserved Rights, the Funding Lender is hereby authorized, directed and empowered to exercise all the rights, powers or remedies of the Governmental Lender under the Borrower Loan Agreement and the other Borrower Loan Documents, and to make all determinations and exercise all options and elections thereunder, without the necessity of further advice or consultation with, or consent or authorization by, the Governmental Lender, and all actions taken by the Funding Lender under the Borrower Loan Agreement or any of the other Borrower Loan Documents shall be valid and shall have the same force and effect, as if taken by the Governmental Lender. The Funding Lender shall have the right to exercise any rights, remedies, conferred on the Governmental Lender pursuant to the Borrower Loan Documents (except for the Reserved Rights) as may be necessary or convenient to (i) enforce the payment of any amounts owing by Borrower under the Borrower Loan Documents and prepayments thereof, or (ii) otherwise to protect the interest of the Governmental Lender or Funding Lender upon a default by Borrower under the Borrower Loan Documents. The Funding Lender agrees to provide the Governmental Lender any notices given by it or delivered to it pursuant to the Borrower Loan Agreement regarding the occurrence of an Event of Default (as defined in the Borrower Loan Agreement), the acceleration of the Borrower Loan or the foreclosure of the Deed of Trust and shall provide written notice to Governmental Lender of any amendment to the Borrower Note or the Borrower Loan Agreement. The Funding Lender shall have the right to collect all payments and other amounts received by the Governmental Lender from or on behalf of the Borrower pursuant to the Borrower Loan Agreement or the other Borrower Loan Documents,” including prepayments thereof, except for payments of fees owing by the Borrower to the Governmental Lender in respect of the Reserved Rights.

8.3 Successor Agent. Anything herein to the contrary notwithstanding, any corporation or association into which the Funding Lender may be converted or merged or with which it may be consolidated or to which it may sell or transfer its business and assets as a whole or substantially as a whole or any corporation or association resulting from any conversion, sale, merger, consolidation or transfer to which it is a party will, ipso facto, be and become the Funding Lender hereunder and vested with all of the title to the whole property and all the powers, discretion, immunities, privileges, obligations and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of the parties hereto.

8.4 Consent to Assignment. The Governmental Lender agrees that Funding Lender shall have the right to assign all of its rights under this Agreement, and under all instruments and documents executed by it as Funding Lender of the Governmental Lender pursuant to this Agreement, to an Affiliate of Funding Lender, or to a subsequent owner of all of the Governmental Lender Note and the Funding Loan as permitted under Section 2.4 or an Affiliate thereof. The Funding Lender will advise the Governmental Lender in writing of any such assignment and the Governmental Lender will execute and deliver to Funding Lender any

documents (at the expense of the Funding Lender) necessary to effectuate such assignment in forms provided by the Funding Lender, and will not take any action to impair Funding Lender's right to assign such rights pursuant to this Section.

8.5 Power of Attorney. The Governmental Lender hereby irrevocably makes, constitutes and appoints the Funding Lender (and any of the Funding Lender's officers, employees or agents, as appropriate and as designated by the Funding Lender) as the Governmental Lender's true and lawful attorney-in-fact with full power of substitution, subject to the Reserved Rights, to (a) sign in the name of the Governmental Lender any assignments, notices of default, notices of election to sell, assignments and substitutions of trustee or similar documents necessary or appropriate to enforce the remedies of the Governmental Lender under the Borrower Loan Agreement, the Borrower Note, the Deed of Trust or any of the other Borrower Loan Documents, including complaints, motions and any other pleadings necessary to secure the appointment of a receiver under the Deed of Trust, (b) to appear in any bankruptcy, insolvency, reorganization, condemnation or other action or proceeding, and (c) to prepare applications for, negotiate and settle claims, and collect any distribution, award or other amount becoming payable through or as the result of (i) any such proceedings, (ii) any insured or uninsured casualty loss, or (iii) any condemnation, taking or conveyance in lieu of condemnation of any of the assets that are the subject of the Borrower Loan Agreement, the Borrower Note, the Deed of Trust or the other Borrower Loan Documents. The power of attorney granted by the Governmental Lender to the Funding Lender hereunder, being coupled with the Funding Lender's interest in the Funding Loan, is irrevocable until all of the obligations of Governmental Lender under the Governmental Lender Note have been satisfied and discharged in full.

8.6 Acceptance. The Funding Lender hereby accepts the assignments and pledge made herein for the purpose of securing the payments due pursuant to the Funding Loan Agreement.

8.7 Conditions. This Article VIII shall confer no obligations or impose no duties upon the Funding Lender beyond those expressly provided in this Funding Loan Agreement and the Borrower Loan Agreement. This Article VIII shall confer no obligations or impose no duties upon the Governmental Lender beyond those expressly provided in this Funding Loan Agreement.

ARTICLE IX **FUNDS AND ACCOUNTS**

9.1 Authorization to Create Funds and Accounts. Except as provided in Section 9.3 hereof, no funds or accounts shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender and Fiscal Agent, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender or the Fiscal Agent, pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

9.2 Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in accordance with written instructions of the Borrower in any of the following: (a) an interest bearing deposit account with Fiscal Agent; (b) money market mutual funds registered under the Investment Company Act of 1940 including any fund for which Fiscal Agent or an affiliate provides investment advice or other services; or (c) direct obligations of, or obligations fully guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States, subject in all cases to the restrictions of Section 6.7 hereof and of the Tax Certificate. In the absence of any such instructions, the Fiscal Agent shall hold funds uninvested. The Fiscal Agent shall furnish the Borrower and Funding Lender periodic cash transaction statements which include detail for all investment transactions effected by the Fiscal Agent or brokers selected by the Borrower. Upon the Borrower or Funding Lender's election, such statements for that party will be delivered via the Fiscal Agent's online service and upon electing such service, paper statements will be provided only upon request. The Borrower and Funding Lender each waives the right to receive brokerage confirmations of security transactions effected by the Fiscal Agent as they occur, to the extent permitted by law. The Borrower and Funding Lender further understand that trade confirmations for securities transactions effected by the Fiscal Agent will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

9.3 Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

- (a) The Note Payment Fund;
- (b) The Project Fund;
- (c) The Expense Fund; and
- (d) The Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent for the benefit of the Funding Lender, and, except for money held in the Expense Fund or the Rebate Fund, shall, while held by the Fiscal Agent, constitute part of the Pledged Revenues, and be subject to the lien hereof.

9.4 Note Payment Fund.

(a) The Governmental Lender and the Borrower shall have no interest in the Note Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

(b) The Fiscal Agent shall deposit into the Note Payment Fund any amounts received from the Borrower as payments of principal of or premium or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited

to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

(c) The Fiscal Agent shall apply all amounts on deposit in the Note Payment Fund in the following order of priority:

First, to pay or provide for the payment of the interest then due on the Funding Loan;

Second, to pay or provide for the payment or the prepayment of principal on the Funding Loan, provided moneys have been transferred or deposited into the Note Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Funding Loan on the Maturity Date.

9.5 Expense Fund.

(a) The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) the Governmental Lender's Ongoing Governmental Lender Fee pursuant to Section 18 of the Regulatory Agreement to the Government Lender as and when due, (ii) the Fiscal Agent amounts due pursuant to the definition of Fiscal Agent's Fees herein, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (ii) hereof, and (iv) upon receipt, to, or at the direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof.

(b) In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

(c) Written notice of any insufficiency, which results in the Governmental Lender not receiving the Ongoing Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent to the Governmental Lender.

(d) Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower

for payment of the Ongoing Governmental Lender Fee not later than 30 days prior to the due date for payment of such the Ongoing Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

9.6 Project Fund.

(a) All proceeds of the Funding Loan provided by the Funding Lender shall be deposited to the Project Fund and disbursed as herein provided. The Fiscal Agent shall use moneys in the Project Fund for the acquisition, construction and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein.

(b) Not less than 97% of the moneys deposited in and credited to the Project Fund, representing the proceeds of the Funding Loan, including any income earned thereon, will be expended for Qualified Project Costs (the “97% Requirement”). The amounts on deposit in the Project Fund shall not be applied to the payment of costs of execution and delivery of the Governmental Lender Note.

(c) Before any payment representing Governmental Lender Note proceeds shall be made from the Project Fund, the Regulatory Agreement and the Deed of Trust shall have been executed and recorded in the official records of the City and County of San Francisco and there shall be filed with the Fiscal Agent a written requisition of the Borrower substantially in the form attached hereto as Exhibit C (“Requisition”) and approved by the Funding Lender pursuant to the terms, conditions and provisions of the Borrower Loan Agreement, with a copy to the Governmental Lender. The Fiscal Agent shall be entitled to conclusively rely upon any Requisition in determining whether to disburse amounts from the Project Fund.

(d) In connection with a Requisition, except for a written request for amounts representing accrued interest due and payable on the Governmental Lender Note:

(1) Only the signature of the Funding Lender shall be required on a Requisition during any period in which an Event of Default by the Borrower has occurred and is then continuing under the Borrower Loan Agreement (notice of which default has been given in writing by the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

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

(3) The Fiscal Agent may conclusively rely on all Requisitions, the execution of the Requisitions by the Borrower and the approval of all Requisitions by the Funding Lender, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts

from the Project Fund have been satisfied. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the work of improvement or to make any independent investigation with respect to the matters set forth in any Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, rehabilitation, renovation, equipping, improvement and installation of the Project.

(e) Upon receipt of each Requisition submitted by the Borrower and approved in writing by the Funding Lender, the Fiscal Agent shall promptly, but in any case within three Business Days, make payment from the Project Fund in accordance with such Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified Project Costs or complies with the 97% Requirement. The approval in writing of a Requisition by the Funding Lender shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Requisition from the Borrower shall, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence that the costs described in the Requisition constitute Qualified Project Costs or other permitted Project costs.

(f) The Fiscal Agent shall immediately provide written notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the transfers as and when required by Section 9.6(e). Except as provided in the next sentence, all such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon receipt by the Funding Lender and the Governmental Lender of evidence that the Borrower has previously paid such amount and written direction to the Fiscal Agent as to such as evidenced by the Funding Lender's approval of the Requisition, to the Borrower. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the written consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Project Fund to the payment of principal of and interest on the Funding Loan. If a Requisition signed by the Borrower Representative and countersigned by the Funding Lender is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(g) Immediately prior to any mandatory prepayment of the Funding Loan pursuant hereto, any amounts then remaining in the Project Fund shall, at the written direction of the Funding Lender, be applied to the prepayment of the Funding Loan pursuant hereto.

(h) Investment income earned on amounts on deposit in the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund.

(i) Prior to the Conversion Date, the Funding Lender shall disburse the Funding Loan directly to the Funding Lender to pay accrued interest due and payable on the Governmental Lender Note and will provide written notice of the amount of such disbursement to the Fiscal Agent within three (3) Business Days of the disbursement.

9.7 Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(a) Within 15 days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(b) All payments to the United States of America pursuant to this Section shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through the United States mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst).

(c) The Fiscal Agent shall preserve all statements, forms and explanations received from the Borrower and delivered to the Fiscal Agent and all records of transactions in the Rebate Fund until six years after the retirement of the Governmental Lender Note.

(d) The Fiscal Agent may conclusively rely on the instructions of the Borrower (based upon the report of the Rebate Analyst) with regard to any actions to be taken by it pursuant to this Section 9.7 and shall have no liability for any consequences of any failure of the Borrower or the Rebate Analyst to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in Subsection (b) above, the Fiscal Agent shall have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's specific written instruction related thereto.

(e) If at any time during the term of this Funding Loan Agreement the Governmental Lender, the Fiscal Agent or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide to the other persons named herein, an opinion of Tax Counsel that such action shall be in compliance with the laws of the State and the terms of this Funding Loan Agreement and will not impair the exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income taxation.

(f) Moneys and securities held by the Fiscal Agent in the Rebate Fund shall not be deemed funds of the Governmental Lender and are not pledged or otherwise subject to

any security interest in favor of the owners to secure the Governmental Lender Note or any other obligations.

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

(h) Notwithstanding anything to the contrary in this Funding Loan Agreement, no payment shall be made by the Fiscal Agent to the United States if the Borrower shall furnish to the Governmental Lender and the Fiscal Agent, an opinion of Tax Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Governmental Lender Note. In such event the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide an opinion of Tax Counsel that such action will not impair the exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income taxation to the Governmental Lender and the Fiscal Agent with respect to such withdrawal.

(i) The Fiscal Agent shall keep and make available to the Governmental Lender and the Borrower records concerning the investments of all funds held by the Fiscal Agent pursuant to the Funding Loan Agreement including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which no Governmental Lender Note is repaid in full in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

(j) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 9.7 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Tax Counsel that such action will not impair the excluding of interest on the Governmental Lender Note from gross income for purposes of federal income taxation, a copy of which shall be provided to the Fiscal Agent.

ARTICLE X

THE FISCAL AGENT

10.1 Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints Union Bank, N.A. as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

10.2 Certain Duties and Responsibilities of Fiscal Agent.

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) [Reserved].

(c) No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that:

(1) This subsection shall not be construed to limit the effect of Section 10.2(a);

(2) The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts;

(3) The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement; and

(4) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section 10.2.

(e) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

10.3 Notice of Defaults. Upon the occurrence of any default hereunder or under any Borrower Loan Document, and provided that the Fiscal Agent is aware of or has received written notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.2 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 10.4(g) hereof, unless such default shall have been cured or waived.

10.4 Certain Rights of Fiscal Agent. Except as otherwise provided in Section 10.1 hereof:

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

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an authorized representative of the Governmental Lender;

(c) Whenever in the administration of this Funding Loan Agreement the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless otherwise prescribed) may, in the absence of bad faith on its part, rely upon a written certificate of the Funding Lender or the Borrower, as appropriate;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) The Fiscal Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may act upon the advice of counsel of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice; and

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or fee owing to the Governmental Lender pursuant to the Regulatory Agreement when due, unless the Fiscal Agent

shall be specifically notified by a written notice of such default by the Governmental Lender or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to the Fiscal Agent, and in the absence of such written notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

10.5 Not Responsible for Recitals.

(a) The recitals contained herein and in the Governmental Lender Note shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

(b) The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Funding Loan.

(c) The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

(d) The Fiscal Agent makes no representations as to and shall have no responsibility for the sufficiency of the insurance required under any of the Borrower Loan Documents.

10.6 May Hold Funding Loan. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

10.7 Moneys Held by Fiscal Agent. Moneys held by the Fiscal Agent hereunder need not be segregated from other funds except to the extent required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

10.8 Compensation and Reimbursement.

(a) Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any

provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's negligence or willful misconduct, both as finally adjudicated by a court of law.

(b) When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(c) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(d) As security for the performance of the obligations of the Borrower under this Section 10.8 and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(e) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

10.9 Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State of California approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender in its sole and absolute discretion.

10.10 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article X shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving 60 days' written notice thereof to the Governmental Lender, the Borrower, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 30 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by (i) the Governmental Lender, with the written consent of the Funding Lender (which consent of

the Funding Lender shall not be unreasonably withheld), (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), subject to applicable notice and cure periods, with the written consent of the Funding Lender and the Governmental Lender in their sole and absolute discretion, or (iii) the Funding Lender with the written consent of the Governmental Lender and written notice delivered to the Fiscal Agent and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with written notice thereof delivered to the Governmental Lender, the Borrower, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause written notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

10.11 Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender or the successor Fiscal Agent, such retiring Fiscal Agent shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Fiscal Agent upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to such successor Fiscal Agent all property and money held by such retiring Fiscal Agent hereunder. Upon request of any such successor Fiscal Agent, the Governmental Lender shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights, powers and trusts.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article X, to the extent operative.

10.12 Merger, Conversion, Consolidation or Succession to Business. Any entity into which the Fiscal Agent may be merged or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such entity shall be otherwise qualified and eligible under this Article X, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause written notice of such succession to be delivered to the Funding Lender within 30 days of such succession.

10.13 Appointment of Co-Fiscal Agent. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon written notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender and the Funding Lender, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

10.14 No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

11.1 Events of Default. Each of the following shall be an “**Event of Default**”:

(a) The Governmental Lender shall fail to perform or observe any of its covenants or agreements contained in this Funding Loan Agreement or the Governmental Lender Note including the failure to pay any installment of interest or principal under the Governmental Lender Note, and such failure shall continue during and after the period specified in Section 11.2; or

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

(c) The Borrower shall fail to pay to the Governmental Lender when due the amounts required to be paid under the Borrower Loan Agreement or the Borrower Note, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency receivership, liquidation or similar proceedings after the expiration of any curative provision contained therein; or

(d) the occurrence of any other Event of Default under and as defined in the Borrower Loan Agreement.

11.2 Notice of Default; Opportunity to Cure. No default under Section 11.1(a) hereof shall constitute an Event of Default until:

(a) The Governmental Lender by registered or certified mail, shall have received notice of such default specifying the same and stating that such notice is a “**Notice of Default**”; and

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

Lender may, but shall not in any way be required to, correct a default on behalf of the Borrower under the Borrower Loan Agreement or a Borrower Note.

11.3 Remedies. Whenever any Event of Default under Section 11.1 hereof shall have happened and be continuing, the Funding Lender may take whatever remedial steps as may be allowed under the law, this Funding Loan Agreement and the other Funding Loan Documents. Upon the occurrence of an Event of Default, the Funding Lender may (i) by notice in writing to the Governmental Lender, declare the principal of all the Governmental Lender Note then outstanding, and the interest accrued and premium thereon, to be due and payable immediately, upon any such declaration the same shall become and shall be immediately due and payable, anything in this Funding Loan Agreement or in the Governmental Lender Note contained to be contrary notwithstanding, and/or (ii) pursue such other remedies as are permitted under applicable law, subject in any event to the provisions of Sections 4.1, 5.2 and 6.13 hereof. Upon the occurrence and during the continuance of an Event of Default, Funding Lender shall have all rights, powers and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law: (a) to take possession of the Security or any part thereof, with or without legal process, and to hold, service and administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited) the sale of all or any part of the Security; (b) to become mortgagee of record for the Borrower Loan; (c) to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, to take such alternate courses of action, as it may deem appropriate; or (d) to take such steps to protect and enforce its rights whether by action, suit or proceeding and equity or at law for the specific performance of any term, condition or agreement in this Funding Loan Agreement, the Governmental Lender Note or the other Funding Loan Documents or in and on the execution of any power herein granted, or for the foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect, subject in any event to the Reserved Rights.

11.4 Attorneys' Fees and Expenses. If an Event of Default occurs and if the Governmental Lender or the Funding Lender should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Governmental Lender contained herein, the Governmental Lender shall cause the Borrower (solely by its execution and assignment of the Borrower Loan Agreement) on demand to pay to the Governmental Lender or the Funding Lender the reasonable fees of such attorneys and the reasonable expenses so incurred, including court appeals.

11.5 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Funding Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle

the Funding Lender to exercise any remedy reserved to it in this Article XI, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

11.6 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Funding Loan Agreement should be breached by the Governmental Lender or the Borrower and thereafter waived by the Funding Lender, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder including any other breach of the same agreement or covenant.

11.7 Actions Under Borrower Loan Documents. Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forebear any term, condition, covenant or agreement in the Borrower Loan Documents applicable to the Borrower or any breach thereof, other than the covenant that would adversely impact the tax-exempt status of the interest on the Governmental Lender Note and provided that the Funding Lender shall have no right to waive and the Governmental Lender may seek specific performance by Borrower to enforce the Reserved Rights.

11.8 Application on Money Collected. Any money collected by Funding Lender pursuant to this Article and any other sums held by Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First, to the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to Governmental Lender or Funding Lender;

(b) Second, to the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Note, then due and unpaid and respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or sum sufficient therefor has been so collected at the rates prescribed therefore in the Governmental Lender Note) on overdue principal of and any premium on the Funding Loan so called provided, however, that partial payments of any portion of the Funding Loan shall be applied by Funding Lender in such order priority as Funding Lender may determine in its sole and absolute discretion; and

(c) Third, the remainder, if any to the person legally entitled thereto.

11.9 Suits to Protect the Security. The Funding Lender shall have the power to institute and maintain such proceedings as Funding Lender may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect the interest in the Security and in the rent, issues, profits, revenues and other income arising therefrom.

11.10 Limited Liability of Governmental Lender. Notwithstanding anything herein or in any other instrument to the contrary, the liability of the Governmental Lender for the payment of the principal of and interest on the Funding Loan, whether upon maturity or acceleration of maturity, or for the payment of any other amounts due with respect thereto shall be strictly limited as provided in Article V hereof. Without limiting the generality of the foregoing, the obligations of the Governmental Lender to make any payments on the

Governmental Lender Note shall be solely from the Pledged Revenues and other moneys and Security and from no other source. Furthermore, upon written notice by the Governmental Lender to the Funding Lender, the Funding Lender shall assume all responsibilities for enforcement of remedies under the Borrower Loan Documents, and the sole responsibility of the Governmental Lender shall be to reasonably cooperate with the Funding Lender in the Funding Lender's enforcement efforts, but at no material cost or risk to the Governmental Lender.

ARTICLE XII
MISCELLANEOUS

12.1 Entire Agreement. This Funding Loan Agreement, the Governmental Lender Note and the other Funding Loan Documents constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Governmental Lender and the Funding Lender with respect to the subject matter hereof.

12.2 Notices. All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been personally delivered or mailed by first class mail postage prepaid, addressed as follows:

If to the Governmental Lender	Mayor's Office of Housing 1 South Van Ness Avenue, 5 th Floor, San Francisco, CA 94103 Attention: Director Facsimile: (415) 701-5501 Telephone: (415) 701-5500
If to the Borrower:	Tenderloin Family Housing, L.P. c/o Chinatown Community Development Center, Inc. 1515 Vallejo Street, 4 th Floor San Francisco, CA 94109 Attention: [_____] <input type="text"/> Facsimile: (415) 929-1499 Telephone: (415) [_____] <input type="text"/>
With a copy to:	Gubb & Barshay LLP 50 California Street, Suite 3155 San Francisco, CA 94111 Attention: Scott Barshay Telephone: 415-781-6600 Facsimile: 415-781-6967
If to the Funding Lender:	Union Bank, N.A., Commercial Real Estate Loan Administration 145 S. State College Boulevard, Suite 600 Brea, California 92821

Fax: [_____]
Attention: Manager

with copy to:

Union Bank, N.A.,
Community Development Finance Department
[_____]
Attention: []

If to the Fiscal Agent:

Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Fax: 415-273-2492
Attention: Corporate Trust Services

12.3 Assignments. Except as provided in Section 2.4, neither this Funding Loan Agreement nor the Borrower Loan Agreement may be assigned by any party hereto or thereto in whole or in part without the prior written consent of the other, which consent shall not be unreasonably withheld; and, in the case of the Governmental Lender, to the extent such assignment is not in contravention of its policies for tax-exempt debt.

12.4 Severability. If any provision of this Funding 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.

12.5 Execution of Counterparts. This Funding 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.

12.6 Amendments, Changes and Modifications. Except as otherwise provided in this Funding Loan Agreement, this Funding Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto. The Funding Lender may require, as a condition to any amendment, change or modification of this Funding Loan Agreement or the other Funding Loan Documents that the Funding Lender shall have received, at the expense of the Borrower, an opinion of Tax Counsel that such amendment shall not adversely affect the exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income tax.

12.7 Governing Law; Venue. This Funding Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State.

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

12.9 Survival of Agreement. All agreements, representations and warranties made herein shall survive the making of the Funding Loan.

12.10 City Contracting Provisions. The Funding Lender covenants and agrees to comply with the provisions set forth in Exhibit D to this Funding Loan Agreement, which is incorporated in and made a part of this Funding Loan Agreement by this reference.

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

UNION BANK, N.A., as Funding Lender

By: _____
Authorized Signatory

UNION BANK, N.A., as Fiscal Agent

By: _____
Authorized Signatory

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Olson Lee, Director
Mayor's Office of Housing

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

FORM OF GOVERNMENTAL LENDER NOTE

**[\$Par Amount]
City and County of San Francisco
Multifamily Housing Revenue Note,
(Tenderloin Family Housing)
2013 Series C**

Dated [Closing Date]

FOR VALUE RECEIVED, THE CITY AND COUNTY OF SAN FRANCISCO (the “**Governmental Lender**”), acknowledges itself indebted hereby promises to pay to the order of UNION BANK, N.A. (the “**Funding Lender**”), or its successors and assigns, the sum of _____ (\$[Par Amount]), together with interest on the advanced and unpaid principal amount of this Governmental Lender Note at the same interest rate as the applicable interest rate specified in the Borrower Loan Agreement with respect to the Borrower Loan, until the Governmental Lender’s obligation to pay the Outstanding Balance (as hereinafter defined) shall be discharged. The Outstanding Balance shall mean the principal balance of the Funding Loan that has not been repaid by the Governmental Lender to the Funding Lender as of the date of calculation of the Outstanding Balance. This Governmental Lender Note shall be governed by and be payable in accordance with the terms and conditions of the Funding Loan Agreement dated as of November 1, 2013 (the “**Funding Loan Agreement**”), among the Funding Lender, the Governmental Lender and Union Bank, N.A., in its capacity as fiscal agent (“**Fiscal Agent**”) pursuant to which the Funding Lender has made the Funding Loan to the Governmental Lender.

This Governmental Lender Note is issued to evidence the Funding Loan by the Funding Lender to the Governmental Lender and the obligation of the Governmental Lender to repay the same, but only from amounts received by or on behalf of the Governmental Lender from Tenderloin Family Housing, L.P., a California limited partnership (the “**Borrower**”), pursuant to a Borrower Loan Agreement dated as of November 1, 2013, by and among the Governmental Lender, the Funding Lender and the Borrower (the “**Borrower Loan Agreement**”) and the other Borrower Loan Documents (as defined in the Borrower Loan Agreement).

Monthly payments of principal and interest shall be payable under this Governmental Lender Note to the same extent as payments of principal and interest are due and payable on the Borrower Note, as provided in the Borrower Loan Agreement. The Outstanding Balance of this Governmental Lender Note shall be due and payable in its entirety on [Maturity Date].

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to the Borrower Loan made by Governmental Lender from the proceeds of the Funding Loan to the Borrower under the Borrower Loan Agreement. References made to the Borrower Loan Agreement and to the Borrower Note for complete payment and prepayment terms of the Borrower Note.

Exhibit A

In the event the Governmental Lender fails to make the timely payment of any monthly payment, and such payment remains unpaid for a period of ten (10) days subsequent to the established payment date, the Governmental Lender shall pay (solely from amounts received from the Borrower as late charges under the Borrower Loan Agreement) to the Funding Lender a late charge in the amount specified in Section 3.6 of the Borrower Loan Agreement. If the principal balance of this Governmental Lender Note is accelerated following an Event of Default (as defined in the Funding Loan Agreement), the Funding Lender may increase the interest rate on this Funding Loan to the Default Rate (as defined in the Borrower Loan Agreement).

The Governmental Lender may, at any time, prepay the principal amount of this Governmental Lender Note to the same extent and subject to the terms and conditions set forth in the Borrower Loan Agreement for the prepayment of the Borrower Loan.

All sums due hereunder shall be paid in lawful money of the United States of America. Interest on the Governmental Lender Note shall be computed as provided for the Borrower Loan in the Borrower Loan Agreement. All payments made hereunder shall be credited and applied as provided in the Funding Loan Agreement.

THIS GOVERNMENTAL LENDER NOTE IS A LIMITED OBLIGATION OF THE OBLIGOR, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS AND SECURITY PLEDGED AND ASSIGNED UNDER THE FUNDING LOAN AGREEMENT. NONE OF THE GOVERNMENTAL LENDER, THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE GOVERNMENTAL LENDER, TO THE LIMITED EXTENT SET FORTH HEREIN) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE GOVERNMENTAL LENDER NOTE OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN, AND NEITHER THIS GOVERNMENTAL LENDER NOTE OR ANY OF THE GOVERNMENTAL LENDER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

No delay or omission on the part of Funding Lender in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Document shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of Funding Lender under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all the rights, remedies and options of the Funding Lender at law or in equity or under any other agreement.

Presentment for payment, notice of dishonor, protest or notice of protest are hereby waived. The acceptance by Funding Lender of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the owner hereof any sum and amount less than the amount then

due shall be deemed an acceptance on account only and upon condition of the acceptance shall not constitute a waiver of the obligation of Governmental Lender to pay the entire sum then due, and Governmental Lender's failure to pay such amount then due shall be and continue to be at default notwithstanding such acceptance of such amount on account thereof. Consent by the Funding Lender to any action of Governmental Lender which is subject to approval of the Funding Lender hereunder shall not be deemed a waiver of the right to require such consent or approval to future successive actions, waives the right to assert the defense of any statute of limitations to any debt or obligation hereunder and consents to renewals and extensions of time for payment of any amounts due under this Governmental Lender Note.

This Governmental Lender Note may only be transferred in accordance with the requirements of the Funding Loan Agreement, and any such transfer shall be recorded in the Note Register maintained by the Funding Lender.

Capitalized terms used herein which are not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note as of the date first set forth above.

OBLIGOR:

CITY AND COUNTY OF SAN FRANCISCO

By: _____

Edwin M. Lee
Mayor

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____

Deputy City Attorney

EXHIBIT B

FORM OF INVESTOR'S LETTER

City and County of San Francisco
Mayor's Office of Housing
1 South Van Ness Avenue, Fifth Floor,
San Francisco, CA 94103
Attention: Executive Director

Re: Loan in the Maximum Amount of \$_____ from UNION BANK, N.A. (the "Funding Lender") to the CITY AND COUNTY OF SAN FRANCISCO (the "Governmental Lender") under a Funding Loan Agreement dated as of November 1, 2013 (the "Funding Loan Agreement") between the Funding Lender, Union Bank, N.A. (the "Fiscal Agent") and the Governmental Lender

Ladies and Gentlemen:

The undersigned, as holder (the "Holder") of the above-referenced funding loan (the "Funding Loan") originated under the Funding Loan Agreement, or a participation therein and permitted under the Funding Loan Agreement, hereby represents that:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Funding Loan. We are able to bear the economic risks of such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project, the use of proceeds of the Funding Loan and the Funding Loan and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to [extend/purchase] the Funding Loan. The Holder acknowledges that it has not relied upon the addressee hereof for any information in connection with the Holder's purchase of the Funding Loan.

3. The Holder is a "qualified institutional buyer" (a "QIB") (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended) or an "accredited investor" as defined in Section 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (an "Accredited Investor"), or the custodian/trustee under a custody agreement/trust agreement, which provides that each beneficial owner of an interest in the Funding Loan must be (A) a QIB or (B) an Accredited Investor who will sign an investor letter to substantially the same effect as this Investor Letter.

4. The Holder acknowledges that it is purchasing the Funding Loan or a participation therein for investment for its own account and not with a present view toward resale

or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan; provided, however, that the Holder may, sell or assign the Funding Loan or participations in the Funding Loan as provided in and subject to the limitations in the Funding Loan Agreement.

5. The Holder understands that the Funding Loan is a limited obligation of the Governmental Lender, payable solely from funds and moneys pledged and assigned under the Funding Loan Agreement, and that the liabilities and obligations of the Governmental Lender with respect to the Funding Loan are expressly limited as set forth in the Funding Loan Agreement and related documents.

6. [FOR PURCHASE OF THE FUNDING LOAN: The Holder hereby agrees to become the “Funding Lender” under the Funding Loan Documents and assumes all of the obligations and agrees to perform all of the duties of the Funding Lender thereunder.]

Capitalized terms used herein and not otherwise defined herein have the meanings given such terms in the Funding Loan Agreement.

[], as Holder

By: _____
Name: _____
Its: _____

EXHIBIT C

FORM OF WRITTEN REQUISITION OF THE BORROWER

To: Union Bank, N.A., as fiscal agent (the "Fiscal Agent") under that certain Funding Loan Agreement, dated as of November 1, 2013, among Union Bank, N.A., in its capacity as the funding lender, the City and County of San Francisco, as Governmental Lender, and the Fiscal Agent (the "Funding Loan Agreement").

1. You are requested to disburse funds from the Project Fund pursuant to Section 9.6 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

(i) there has been received no notice (A) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under such requisition to any of the persons, firms or corporations named therein, and (B) that any materials, supplies or equipment covered by such requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of the requisition;

(ii) such requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on the requisition has been incurred in or about the construction or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) such requisition contains no items representing any costs of issuance or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) not less than 97% of the sum of: (A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Governmental Lender Note plus (B) all amounts allocated to the Governmental Lender Note previously disbursed from the Project Fund, have been or will be applied by the Borrower to pay Qualified Project Costs;

(vi) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement;

(vii) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby among the sources for payment; and

(viii) all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Schedule I and the Fiscal Agent may rely on such payment instructions though given by the Borrower with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: _____

BORROWER:

Tenderloin Family Housing, L.P., a
California limited partnership

By: Tenderloin Family Housing LLC,
a California limited liability company,
its general partner

By: Chinatown Community Development Center, Inc., a California nonprofit public
benefit corporation, its sole member/manager

By: _____
Norman Fong
Executive Director

APPROVED:

UNION BANK, N.A.,
in its capacity as funding lender

By: _____
Name: _____
Title: _____

EXHIBIT D

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

Section 1. Nondiscrimination; Penalties.

(i) *Nondiscrimination.* In the performance of this Funding Loan Agreement, the Fiscal Agent and the Funding Lender agree not to discriminate against any employee, City employee working with the Fiscal Agent or the Funding Lender, applicant for employment with the Fiscal Agent or the Funding Lender, 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.

(ii) *Subcontracts.* The Fiscal Agent and the Funding Lender 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 the City) and shall require all subcontractors to comply with such provisions. The Fiscal Agent or the Funding Lender's failure to comply with the obligations in this subsection shall constitute a material breach of this Funding Loan Agreement.

(iii) *Nondiscrimination in Benefits.* The Fiscal Agent and the Funding Lender do not as of the date of this Funding Loan Agreement and will not during the term of this Funding Loan Agreement, in any of its operations in San Francisco, on real property owned by the City, 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.

(iv) *Condition to Contract.* As a condition to this Funding Loan Agreement, the Fiscal Agent and the Funding Lender shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(v) *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 Funding Loan Agreement as though fully set forth herein. The Fiscal Agent and the Funding Lender shall comply fully with and be bound by all of the provisions that apply to this Funding Loan Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Fiscal Agent and the Funding Lender understand 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 Funding Loan Agreement may be assessed against the Fiscal Agent or the Funding Lender and/or deducted from any payments due the Fiscal Agent or the Funding Lender.

Section 2. Local Business Enterprise Utilization; Liquidated Damages.

(i) *The LBE Ordinance.* As a condition to this Funding Loan Agreement, the Fiscal Agent and the Funding Lender 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 Fiscal Agent or the Funding Lender’s obligations or liabilities, or materially diminish Fiscal Agent or the Funding Lender’s rights, under this Funding Loan Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Funding Loan Agreement as though fully set forth in this section. Fiscal Agent or the Funding Lender’s willful failure to comply with any applicable provisions of the LBE Ordinance is a material breach of Fiscal Agent or the Funding Lender’s obligations under this Funding Loan Agreement and shall entitle Governmental Lender, subject to any applicable notice and cure provisions set forth in this Funding Loan Agreement, to exercise any of the remedies provided for under this Funding Loan Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Funding Loan Agreement expressly provides that any remedy is exclusive. In addition, Fiscal Agent and the Funding Lender shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

(ii) *Compliance and Enforcement.* If Fiscal Agent or the Funding Lender 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 Funding Loan Agreement pertaining to LBE participation, Fiscal Agent and the Funding Lender shall be liable for liquidated damages in an amount equal to Fiscal Agent or the Funding Lender’s net profit on this Funding Loan Agreement, or 10% of the total amount of this Funding Loan Agreement, or \$1,000, whichever is greatest. The Director of the Governmental Lender’s Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the “Director of HRC”) may also impose other sanctions against Fiscal Agent or the Funding Lender authorized in the LBE Ordinance, including declaring the Fiscal Agent or the Funding Lender to be irresponsible and ineligible to contract with the Governmental Lender for a period of up to five years or revocation of the Fiscal Agent or the Funding Lender’s LBE certification. The Director of HRC 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 Funding Loan Agreement, Fiscal Agent and the Funding Lender acknowledge and agree that any liquidated damages assessed by the Director of the HRC shall be payable to Governmental Lender upon demand. Fiscal Agent and the Funding Lender further acknowledge and agree that any liquidated damages assessed may be withheld from any monies due to Fiscal Agent or the Funding Lender on any contract with Governmental Lender.

Fiscal Agent and the Funding Lender 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 Funding Loan Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

Section 3. Prevailing Wages. Every contract for the rehabilitation or construction of housing must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. §§ 276a-276a-5), to all laborers and mechanics employed in the development of any part of the housing, and contracts involving their employment will be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-332). The prevailing wage requirements of this Section apply to all laborers and mechanics employed in the development of the Project, including portions other than the assisted Units.

Section 4. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City 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 urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing this Funding Loan Agreement, the person executing this Funding Loan Agreement on behalf of the Fiscal Agent and the Funding Lender acknowledge and agree that he or she has read and understood this Section.

Section 5. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

Section 6. Drug-Free Workplace Policy. The Fiscal Agent and the Funding Lender acknowledge 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. The Fiscal Agent and the Funding Lender agree that any violation of this prohibition by the Fiscal Agent or the Funding Lender, its employees, agents or assigns will be deemed a material breach of this Funding Loan Agreement.

Section 7. Compliance with Americans with Disabilities Act. The Fiscal Agent and the Funding Lender acknowledge 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 contractor, must be accessible to the disabled public. The Fiscal Agent and the Funding Lender shall provide the services specified in this Funding Loan Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Fiscal Agent and the Funding Lender agree not to discriminate against

disabled persons in the provision of services, benefits or activities provided under this Funding Loan Agreement and further agrees that any violation of this prohibition on the part of the Fiscal Agent or the Funding Lender, its employees, agents or assigns will constitute a material breach of this Funding Loan Agreement.

Section 8. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the 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.

Section 9. Limitations on Contributions. Through execution of this Funding Loan Agreement, the Fiscal Agent and the Funding Lender acknowledge that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Fiscal Agent and the Funding Lender acknowledge 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. The Fiscal Agent and the Funding Lender further acknowledge that the prohibition on contributions applies to each prospective party to the contract; each member of the Fiscal Agent or the Funding Lender's board of directors; the Fiscal Agent or the Funding Lender's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Fiscal Agent or the Funding Lender; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Fiscal Agent or the Funding Lender. Additionally, the Fiscal Agent and the Funding Lender acknowledge that the Fiscal Agent and the Funding Lender must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. The Fiscal Agent and the Funding Lender further agree to provide to the City the names of each person, entity or committee described above.

Section 10. Requiring Minimum Compensation for Covered Employees. The Fiscal Agent and the Funding Lender agree 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 Funding 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 the

Fiscal Agent and the Funding Lender's obligations under the MCO is set forth in this Section. The Fiscal Agent and the Funding Lender are required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(i) The MCO requires the Fiscal Agent and the Funding Lender to pay the Fiscal Agent and the Funding Lender'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 the Fiscal Agent and the Funding Lender are obligated to keep informed of the then-current requirements. Any subcontract entered into by the Fiscal Agent or the Funding Lender 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 the Fiscal Agent and the Funding Lender's obligation to ensure that any subcontractors of any tier under this Funding Loan Agreement comply with the requirements of the MCO. If any subcontractor under this Funding Loan Agreement fails to comply, the City may pursue any of the remedies set forth in this Section against the Fiscal Agent and the Funding Lender.

(ii) The Fiscal Agent and the Funding Lender 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.

(iii) The Fiscal Agent and the Funding Lender shall maintain employee and payroll records as required by the MCO. If the Fiscal Agent or the Funding Lender fails to do so, it shall be presumed that the Fiscal Agent and the Funding Lender paid no more than the minimum wage required under State law.

(iv) The City, upon reasonable notice to the Fiscal Agent and the Funding Lender, is authorized to inspect the Fiscal Agent and the Funding Lender's job sites during normal business hours, conduct interviews with employees and conduct audits of the Fiscal Agent and the Funding Lender.

(v) The Fiscal Agent and the Funding Lender's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Funding 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 Fiscal Agent or the Funding Lender fails to comply with these requirements. The Fiscal Agent and the Funding Lender agree 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 the Fiscal Agent or the Funding Lender's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(vi) The Fiscal Agent and the Funding Lender understand and agree 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 Funding Loan Agreement for violating the MCO, the Fiscal Agent or the Funding Lender fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Fiscal Agent or the Funding Lender 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.

(vii) The Fiscal Agent and the Funding Lender represent and warrant that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

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

Section 11. Requiring Health Benefits for Covered Employees. The Fiscal Agent and the Funding Lender agree 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 Funding 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 Funding Loan Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(i) For each Covered Employee, the Fiscal Agent and the Funding Lender shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Fiscal Agent or the Funding Lender chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(ii) Notwithstanding the above, if the Fiscal Agent or the Funding Lender is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (i) above.

(iii) The Fiscal Agent or the Funding Lender's failure to comply with the HCAO shall constitute a material breach of this Funding Loan Agreement. The City shall notify the Fiscal Agent or the Funding Lender if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Funding Loan Agreement for violating the HCAO, the Fiscal Agent or the Funding Lender fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Fiscal Agent or the Funding Lender 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 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 the City.

(iv) Any Subcontract entered into by the Fiscal Agent or the Funding Lender 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. The Fiscal Agent and the Funding Lender 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. The Fiscal Agent and the Funding Lender 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 the Fiscal Agent or the Funding Lender based on the Subcontractor's failure to comply, provided that the City has first provided the Fiscal Agent or the Funding Lender with notice and an opportunity to obtain a cure of the violation.

(v) The Fiscal Agent and the Funding Lender shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City or the City with regard to the Fiscal Agent or the Funding Lender'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.

(vi) The Fiscal Agent and the Funding Lender represent and warrant that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Fiscal Agent and the Funding Lender 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 Funding Loan Agreement.

(viii) The Fiscal Agent and the Funding Lender shall keep itself informed of the current requirements of the HCAO.

(ix) The Fiscal Agent and the Funding Lender shall provide reports to the City in accordance with any reporting standards promulgated by the City or the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(x) The Fiscal Agent and the Funding Lender shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least ten business days to respond.

(xi) The Fiscal Agent and the Funding Lender shall allow the City to inspect the Fiscal Agent or the Funding Lender's job sites and have access to the Fiscal Agent or the Funding Lender's employees in order to monitor and determine compliance with HCAO.

(xii) The City may conduct random audits of the Fiscal Agent and the Funding Lender to ascertain its compliance with HCAO. The Fiscal Agent and the Funding Lender agree to cooperate with the City when it conducts such audits.

(xiii) If the Fiscal Agent or the Funding Lender is exempt from the HCAO when this Funding Loan Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Fiscal Agent or the Funding Lender later enters into an agreement or agreements that cause the Fiscal Agent or the Funding Lender's aggregate amount of all agreements with the 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 the Fiscal Agent or the Funding Lender and the City to be equal to or greater than \$75,000 in the fiscal year.

Section 12. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Fiscal Agent and the Funding Lender 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 Funding Loan Agreement. The Fiscal Agent and the Funding Lender agree 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 the Fiscal Agent or the Funding Lender violates the provisions of this Section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Funding Loan Agreement, and (ii) prohibit the Fiscal Agent and the Funding Lender from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Fiscal Agent or the Funding Lender's use of profit as a violation of this Section.

Section 13. Protection of Private Information. The Fiscal Agent and the Funding Lender have 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. The Fiscal Agent and the Funding Lender agree that any failure of the Fiscal Agent or the Funding Lender to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Funding Loan Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Funding Loan Agreement, bring a false claim action against the Fiscal Agent or the Funding Lender pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Fiscal Agent or the Funding Lender.

Section 14. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public

nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

The Fiscal Agent and the Funding Lender shall remove all graffiti from any real property owned or leased by the Fiscal Agent or the Funding Lender in the City and County of San Francisco within forty eight (48) hours of the earlier of the Fiscal Agent or the Funding Lender's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This Section is not intended to require the Fiscal Agent or the Funding Lender to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure by the Fiscal Agent or the Funding Lender to comply with this section of this Funding Loan Agreement shall constitute a material breach of this Funding Loan Agreement.

Section 15. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for penalties set forth in that Section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at <http://www.municode.com/Library/clientCodePage.aspx?clientID=4201>. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

Section 16. Conflict of Interest. Through its execution of this Funding Loan Agreement, the Fiscal Agent and the Funding Lender acknowledge 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 Funding Loan Agreement.

Section 17. Food Service Waste Reduction Requirements. The Fiscal Agent and the Funding Lender agree 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 Funding Loan Agreement as though fully set forth. This provision is a material term of this Funding Loan Agreement. By entering into this Funding Loan Agreement, the Fiscal Agent and the Funding Lender agree that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Fiscal Agent and the Funding Lender agree 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 the City will incur based on the violation, established in light of the circumstances existing at the time this Funding Loan Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of the Fiscal Agent or the Funding Lender's failure to comply with this provision.

Section 18. Proprietary or Confidential Information of City. The Fiscal Agent and the Funding Lender understand and agree that, in the performance of the work or services under this Funding Loan Agreement or in contemplation thereof, the Fiscal Agent and the Funding Lender 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. The Fiscal Agent and the Funding Lender agree that all information disclosed by City to the Fiscal Agent or the Funding Lender shall be held in confidence and used only in the performance of the Funding Loan Agreement. The Fiscal Agent and the Funding Lender shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

Section 19. Earned Income Credit (EIC) Forms. Administrative Code Section 120 requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found. The Fiscal Agent and the Funding Lender shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Funding Loan Agreement becomes effective (unless the Fiscal Agent or the Funding Lender has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by the Fiscal Agent or the Funding Lender; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Funding Loan Agreement. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by the Fiscal Agent or the Funding Lender of the terms of this Funding Loan Agreement. If, within thirty days after the Fiscal Agent or the Funding Lender receives written notice of such a breach, the Fiscal Agent or the Funding Lender fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Fiscal Agent or the Funding Lender fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Funding Loan Agreement or under applicable law. Any Subcontract entered into by the Fiscal Agent or the Funding Lender

shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this Section. Capitalized terms used in this Section and not defined in this Funding Loan Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.